consolidated interim financial report

at 30 june 2024

AT 30 JUNE 2024

eurotech
UNLEASHING THE POWER OF THE EDGE

This document has been translated into English for the convenience of readers outside Italy. The original Italian document should be considered the authoritative version.

Date of issue: 13 September 2024
This report is available online
in the “Investors” section of the website
www.eurotech.com

EUROTECH S.p.A.
Registered offices: Via Fratelli Solari 3/A, Amaro (Udine), Italy
Share capital: €8,878,946 fully paid in
Tax code and
Udine Company Register no.: 01791330309

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Corporate Bodies

Board of Directors	
Chairman	Luca di Giacomo
Deputy Chairman	Aldo Fumagalli [1 3]
Director	Paul Chawla
Director	Michela Costa [1 2 3 4 5]
Director	Susanna Curti [1 5]
Director	Alberta Gervasio [1]
Director	Simona Elena Pesce [1 2 3 4 5]
Director	Massimo Russo [1 2 4]
Director	Davide Albino Carando [1]

The current Board of Directors, with the exception of director Davide Albino Carando who was co-opted by the Board of Directors on August 7, 2024 to replace director Marco Costaguta who resigned on June 4, 2024, was appointed by the Ordinary Shareholders' Meeting of April 27, 2023; he will remain in office until the approval of the financial statements for the year 2025.

Board of Statutory Auditors	
Chairman	Fabio Monti
Statutory Auditor	Laura Briganti
Statutory Auditor	Daniela Savi
Alternate Auditor	Clara Carbone
Alternate Auditor	Daniele Englaro

The Board of Statutory Auditors currently in office was appointed by shareholders at the Annual General Meeting of 27 April 2023, and will remain in office until approval of the 2025 financial statements.

Independent Auditor	
	Ernst & Young

The independent auditor was appointed for the period 2023-2031 by shareholders at the Annual General Meeting of 27 April 2023.

Corporate name and registered offices of the Parent Company	
	Eurotech S.p.A. Via Fratelli Solari 3/A 33020 Amaro (Udine), Italy Udine Company Register No. 01791330309

[1] Non-executive Directors.
[2] Independent Directors pursuant to the Corporate Governance Code issued by the Italian Corporate Governance Committee for Listed Companies.
[3] Member of the Control and Risks Committee
[4] Member of the Related-Party Transactions Committee
[5] Member of the Remuneration and Appointments Committee

Information for shareholders

The ordinary shares of Eurotech S.p.A., the Parent Company of the Eurotech Group, have been listed since 30 November 2005 in the Euronext Star Milan segment of the Euronext Milan market organised and managed by Borsa Italiana S.p.A.

Share capital of Eurotech S.p.A. at 30 June 2024

Share capital	€8,878,946.00
Number of ordinary shares (without nominal unit value specified)	35,515,784
Number of savings shares	-
Number of Eurotech S.p.A. ordinary treasury shares	240,606
Stock market capitalisation (based on the average share price in June 2024)	€40 million
Stock market capitalisation (based on the share price on 30 June 2024)	€40 million

Performance of Eurotech S.p.A. shares

Relative performance EUROTECH S.p.A.
01.01.2024 – 30.06.2024

The line chart shows the share's performance based on daily reference prices

The candle chart shows the share's daily maximum and minimum prices

Management report

Introduction

The consolidated financial statements of Eurotech Group were prepared in accordance with IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to Art. 6 of EC Regulation 1606/2002 of the European Parliament and European Council of 19 July 2002.
These condensed consolidated half-year financial statements at 30 June 2024 were prepared in accordance with the provisions of IAS 34 “Interim Financial Reporting”, Art. 154-ter of the Consolidated Law on Finance as well as the relevant Consob provisions. This condensed consolidated half-year financial statements are subject to a limited audit according to the criteria recommended by Consob. The condensed consolidated half-year financial statements do not contain all the information and notes required for drafting the consolidated annual financial statements and therefore these financial statements must be read together with the consolidated annual financial statements at 31 December 2023.
Unless otherwise stated, data are expressed in thousands of euro.

Performance highlights

Financial data

(€'000)	H1 2024	%	H1 2023	%	% change
OPERATING RESULTS					
SALES REVENUES	29,261	100.0%	47,895	100.0%	-38.9%
GROSS PROFIT MARGIN	14,540	49.7%	22,298	46.6%	-34.8%
EBITDA ADJ	(3,081)	-10.5%	2,698	5.6%	-214.2%
Non recurring costs	(409)	-1.4%	0	0.0%	n/a
EBITDA	(3,490)	-11.9%	2,698	5.6%	229.4%
EBIT	(5,838)	-20.0%	13	0.0%	45007.7%
PROFIT (LOSS) BEFORE TAXES	(5,573)	-19.0%	(188)	-0.4%	-2864.4%
GROUP NET PROFIT (LOSS) FOR THE PERIOD	(5,511)	-18.8%	(939)	-2.0%	-486.9%

Statement of financial position data

€'000	at June 30, 2024	at December 31, 2023	at June 30, 2023
BALANCE SHEET AND FINANCIAL HIGHLIGHTS			
Non-current assets	**95,423**	**98,717**	**100,744**
- of which net intangible assets	83,101	85,827	88,291
- of which net tangible assets	6,658	7,185	7,139
Current assets	**45,361**	**56,800**	**57,553**
TOTAL ASSETS	**140,784**	**155,517**	**158,297**
Group shareholders' equity	**86,121**	**95,319**	**99,552**
Non-current liabilities	**16,505**	**20,902**	**22,404**
Current liabilities	**38,158**	**39,296**	**36,341**
TOTAL LIABILITIES AND EQUITY	**140,784**	**155,517**	**158,297**

€'000	at June 30, 2024	at December 31, 2023	at June 30, 2023
(NET FINANCIAL POSITION) NET DEBT	**23.289**	**20.569**	**18.658**
NET WORKING CAPITAL	**20.315**	**23.852**	**23.285**
NET INVESTED CAPITAL *	**109.410**	**115.888**	**118.210**
CASH FLOW DATA			
Cash flow generated (used) in operations	(366)	1.908	(721)
Cash flow generated (used) in investment activities	(2.055)	(3.112)	(1.766)
Cash flow generated (absorbed) by financial assets	(2.818)	(2.186)	(3.146)
Net foreign exchange difference	(556)	(3.292)	(707)
TOTAL CASH FLOW	**(5.795)**	**(6.682)**	**(6.340)**

(*) Non-current, non-financial assets, inclusive of equity investments in associates and other companies and net working capital, minus non-current, non-financial liabilities.

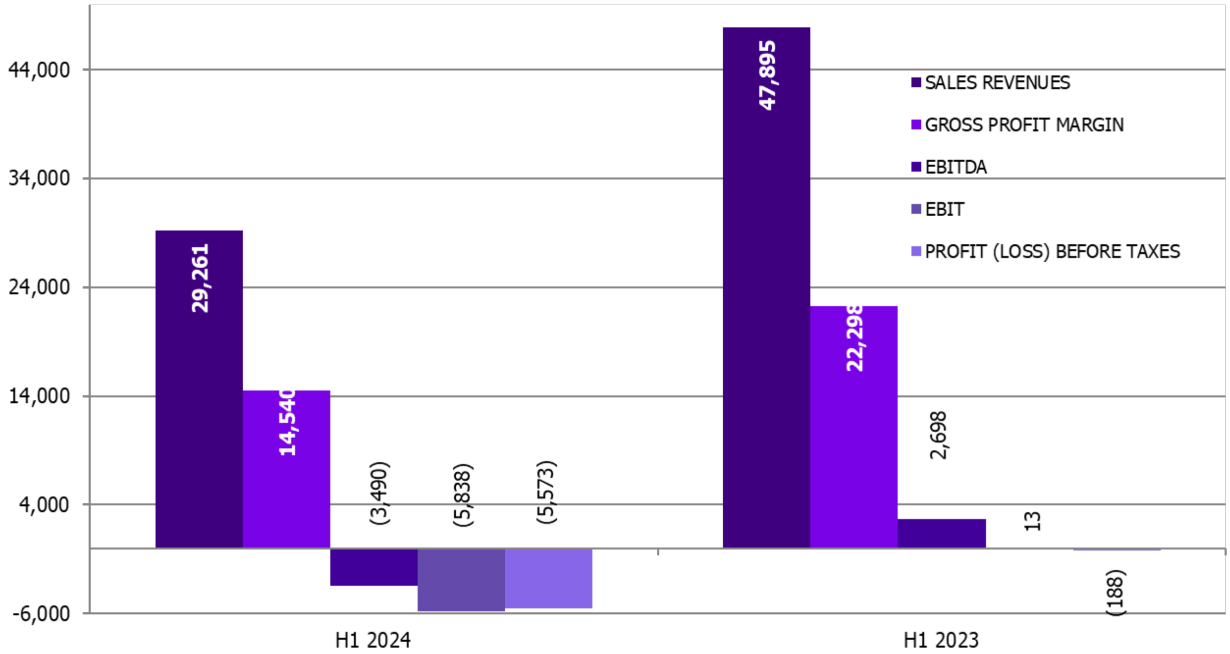
Number of employees

	at June 30, 2024	at December 31, 2023	at June 30, 2023
NUMBER OF EMPLOYEES	378	393	395

Revenues by geographic business area

(€' 000)	North America			Europe			Asia			Correction, reversal and elimination			Total		
	H1 2024	H1 2023	% YoY Change	H1 2024	H1 2023	% YoY Change	H1 2024	H1 2023	% YoY Change	H1 2024	H1 2023	% YoY Change	H1 2024	H1 2023	% YoY Change
Third party Sales	5.201	16.732		17.000	18.446		7.060	12.717		0	0		29.261	47.895	
Infra-sector Sales	72	581		3.171	2.341		12	30		(3.255)	(2.952)		0	0	
Total Sales revenues	5.273	17.313	-69,5%	20.171	20.787	-3,0%	7.072	12.747	-44,5%	(3.255)	(2.952)	10,3%	29.261	47.895	-38,9%

Summary of the results



The Eurotech Group

Eurotech is a global company with a strong international focus, which generates sales on three continents. It is a Group that has operating offices in Europe, North America and Japan, led and coordinated by its headquarters in Italy.

Eurotech has a long tradition of 30 years in the design and implementation of embedded computers for special applications, where the ability of computers to withstand hostile environments and the need for continuous and uninterrupted operations are determinant variables. This is a market niche characterised by high value and low volumes that over the years has allowed the company to maintain a gross profit above the sector average.
For three years, Eurotech has embarked on an acceleration path towards Edge Computing and Industrial IoT, with significant investments in its open-source software integrated with edge hardware, and in the different OT cybersecurity certifications that characterise its portfolio. Consequently, the historical business of embedded computers is conducted in a "run for cash" manner.
Today, the result of this transformation and those investments is confirmed:
1) by its technological positioning among the leaders in the reference market, proven both by the awards received and by the mentions in the reports of sector analysts, including Gartner's prestigious Magic Quadrant for Industrial IoT Platforms, where in 2024 we were present for the fifth year in a row;

2) the turnover mix, which in 3 years - from 2021 to 2023 - saw sales in the Edge AIoT sector rise from 15% to 42% of total turnover.
The factors that characterise Eurotech in the Industrial IoT sector are the following:
- Eurotech technology resolves the conflict between Operational Technology (OT) and Information Technology (IT) at the Edge, thanks to integrated solutions that combine hardware and software; this conflict is unanimously recognised as the number one obstacle to the execution of IoT projects by companies;
- Plug & Play connectivity to assets in the field, which speeds up implementation time and reduces implementation costs;
- thanks to relations with the big players in the IT sector such as Microsoft, Amazon and Red Hat, Eurotech is able to provide certified connectivity to all major cloud platforms, reducing integration time and risks to almost zero in a typical IoT project where these platforms are used;
- Eurotech's connection and integration technology was conceived and implemented by adopting the best Cybersecurity solutions and is certified according to the most recent international standards (IEC 62443-4-1 AND IEC 62443-4-2).

Today, the Group's offering is modular, featuring different levels of hardware and software integration and it is structured as follows:
- embedded PCs in the form of boards and subsystems, which represent Eurotech's historical offering and are purely hardware products with only the integrated operating system;
- Industrial PC (IPC), which represent the main offering of InoNet Computer GmbH, the German subsidiary acquired in September 2022;
- Edge gateways, i.e. devices that enable communication between assets operating in the field and data platforms in the cloud, both public and private;
- Edge computers, i.e. rugged computing units located in the field, close to the assets and dedicated to local processing of the data they generate;
- Edge AI appliance, i.e. high-performance systems with integrated hardware and software to safely and remotely process AI algorithms directly in the field, eliminating unnecessary and costly data transfers to centralised servers;
- software for the integration of Operational Technology and Information Technology: the "Everyware Software Framework" (ESF) edge framework on the OT side and the "Everyware Cloud" (EC) integration platform on the IT side.

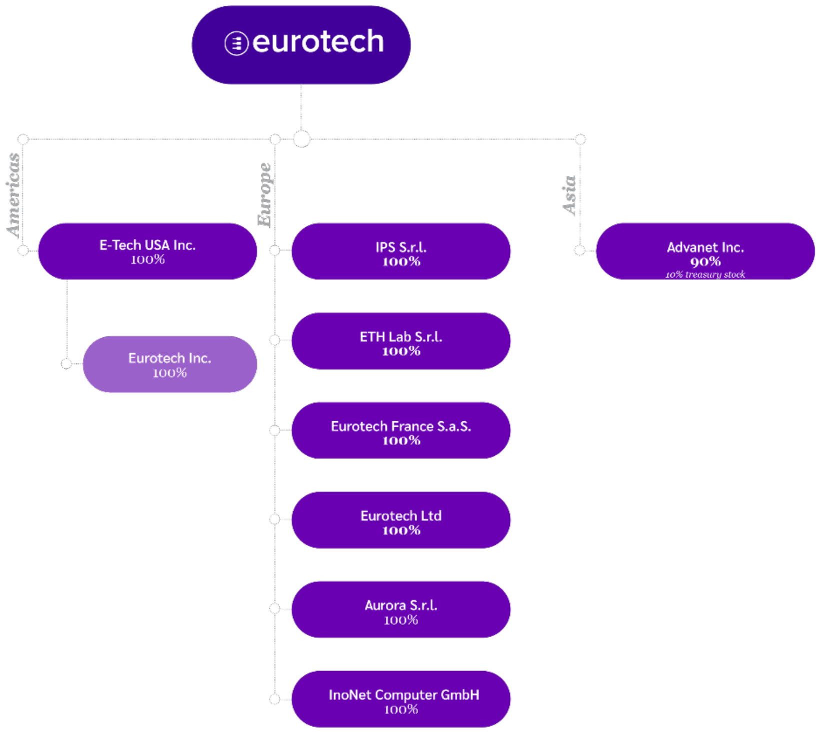
The sectors in which the Group has historically developed most of its turnover are industry and transport, followed by the medical sector. More recently, the new offer of integrated hardware and software for industrial IoT applications has also made it possible to enter new sectors, such as energy. From a strategic point of view, the Group's current choice is to focus on four vertical markets combining larger size and higher growth rates in the future years: industrial automation, transport & offroad, medical, renewable energies & networks for energy-gas-water.

At 30 June 2024, the Eurotech Group consisted of the following companies:

Company name	Business activity	Share capital	Group share
Parent company			
Eurotech S.p.A.	It operates in the Edge Computer and Industrial IoT market, with primary focus on the Italian and EMEA markets. In terms of organisation, it performs the role of industrial holding coordinating all subsidiaries of the Eurotech Group.	€8,878,946	

Subsidiaries and consolidated companies on a line-by-line basis			
Aurora S.r.l. in liquidation	Service company supporting the Parent Company	€10,000	100.00%
E-Tech USA Inc.	Holding company that controls 100% of Eurotech Inc.	$8,000,000	100.00%
EthLab S.r.l.	Service company for research and development on behalf of the Group	€115,000	100.00%
Eurotech France S.A.S.	It operates in the French market, focusing on the IoT market in particular	€795,522	100.00%
Eurotech Inc.	It operates in the US market with a focus on the industrial, medical and transport sectors	$26,500,000	100.00%
Eurotech Ltd.	It operates mainly in the United Kingdom and in Northern Europe	£33,333	100.00%
I.P.S. Sistemi Programmabili S.r.l. in liquidation	Operates in the Italian market under the IPS brand	€51,480	100.00%
InoNet Computer GmbH	It operates under the InoNet brand in the DATCH market, providing highly reliable, powerful and robust industrial PCs	€250,000	100.00%
Advanet Inc.	It operates in the Japanese market with a focus on the industrial, medical and transport sectors	¥72,440,000	90.00% (1)

(1) For purposes of consolidation, it is considered as 100% owned, since Advanet Inc. holds the remaining 10% in the form of treasury shares.



Operating performance

(€'000) OPERATING RESULTS	H1 2024	%	H1 2023	%	% change
SALES REVENUES	29,261	100.0%	47,895	100.0%	-38.9%
GROSS PROFIT MARGIN	14,540	49.7%	22,298	46.6%	-34.8%
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GROUP NET PROFIT (LOSS) FOR THE PERIOD	(5,511)	-18.8%	(939)	-2.0%	-486.9%

(*) **Gross profit margin** is the difference between revenues from sales of goods and services and use of raw materials.

(**) **EBITDA**, an intermediate figure, is earnings before amortisation, depreciation and impairment of non-current assets, financial income and expenses, the valuations of affiliates at equity and of income taxes for the period. This is a measure used by the Group to monitor and assess operating performance. Since the composition of EBITDA is not regulated by the reference accounting standards, the calculation criterion applied by the Group may not be consistent with that used by other companies and would therefore not be comparable.

(***) Operating profit (**EBIT**) is gross of investments in associates according to the equity method, of financial income and charges, and income tax for the period.

(****) The **ADJ. EBITDA** incorporates the EBITDA structure just defined above and isolates the cost and/or revenue components considered non-recurring by management. This is a measure used by the Group to monitor and assess its operating performance, net of any non-recurring costs or revenues that therefore do not occur frequently in the ordinary course of business. Since the composition of ADJ. EBITDA is not regulated by the reference accounting standards, the calculation criterion applied by the Group may not be consistent with that used by other companies and would therefore not be comparable.

Sales revenues in the first half year of the year were still strongly affected by the factors already highlighted during the first quarter: the mismatch between the phase-out of the embedded legacy business in the USA, accelerated by destocking, and the phase-in of the new Edge AIoT projects, which have accumulated a delay due to the difficulty in recruiting personnel linked to the “talent war” in the technological field in the period following the pandemic. In addition, the Japanese area also suffered from the destocking of its main customers in the second quarter, while in the first few months of last year it benefitted from the opposite phenomenon of product accumulation by customers. Lastly, the European area was penalised by the extension of the ramp-up times of the Edge AIoT projects underway with customers in the area, who are showing prudent and wait-and-see behaviour in the allocation of their annual budgets.
Consolidated revenues in the first six months of 2024 amounted to €29.26 million compared to €47.89 million in the first half of 2023. The decrease in turnover from one period to the next was 38.9%, an improvement compared to the variance of -52.1% in the first quarter. The decrease at constant exchange rates would have been less and would have stopped at 37.0%.
The traditional embedded business underwent a significant downsizing, in particular due to the significant reduction in the USA, so that the turnover in the Edge AIoT area has become the most significant. In fact, the contribution percentage of the Edge AIoT business in the first six months is 56.8%, with a slight increase in absolute value compared to the first half year of 2023. In percentage, on the other hand, in the first half year of 2023 the Edge AIoT business covered 34.4% of total turnover.

Looking at the **breakdown of revenues** by geographic area of the Group's activities, the European area is the most significant with 58.1% of the total figure (H1 2023: 38.5%); the Japanese area is in second place with a contribution of 24.1% (H1 2023: 26.6%); lastly, the US area accounts for the remaining 17.8% (H1 2023: 34.9%).

The **gross profit margin** for the period amounted to €14.54 million, with an incidence on revenues of 49.7%. In percentage terms, this compares with 47.4% in the twelve months of 2023 and with a value of 46.6% in the first half of 2023.
The increase in the percentage margin of over 300 bps compared with the first half of last year is mainly due to the mix of products sold, as well as to a normalisation of the prices of raw materials and an increase in gross profit of the German subsidiary InoNet.

Operating costs in the first six months of the fiscal year, before adjustments made for internal increases in development activities of €1.80 million (€1.64 million in the first half of 2023), amounted to €20.11 million, compared to €21.38 million in the first half of 2023. Net of non-recurring costs of €0.41 million, total operating costs for the first half of the year amounted to €19.70 million, while there were no non-recurring costs in the first half of 2023. The reduction from the first six months of 2023 is thus €1.27 million, which becomes €1.68 million net of non-recurring costs.

Non-recurring costs, shown in the income statement only in the first half of 2024, relate to the Group's reorganisation activities and relate in particular to one-off personnel costs related to the reduction of the workforce and some service costs incurred to facilitate and speed up this reorganisation.

At historical exchange rates, there is a decrease in operating costs of 5.9%, which would be 3.7% at constant exchange rates. The reduction in operating expenses has its greatest impact in the USA where, as a result of the second phase of the run-for-cash of the embedded legacy business, a profound reorganisation was carried out that impacted both personnel and some of the services used locally. The other legal entities have also started and will continue to optimise the costs of their local operating structures in 2024, with an effect expected by management of over €2 million per year. Despite the reduction of personnel in some structures, in others new personnel with the necessary skills were hired in relation to the need to implement the strategy and develop the business in line with Edge AIoT. As at 30 June 2024, the number of employees was 378 (it was 393 at 31 December 2023 and 395 at 30 June 2023), with an average for the period of 386 units (395 in the first half of 2023). Personnel costs went from €13.05 million (€12.72 million at constant exchange rates) to €12.05 million, a reduction of 7.7%, mainly linked to the reorganisation actions started at the end of 2023 and continued during the first half year of 2024, aimed at realigning the Group's structure to the contingent economic situation.
The incidence of gross operating expenses on revenues, due to the low level of revenues in the first half year of the year, was 68.7% compared to 44.6% in the first half year of 2023.

The half-year **operating margins**, commented on in the following paragraphs, were significantly correlated with the level of turnover and the gross profit figure, which were not sufficient for the activation of operating leverage as instead took place in 2023.

EBITDA in the first six months of 2024, net of non-recurring costs (Adjusted EBITA), amounted to €-3.08 million (-10.5% of revenues) compared to €2.70 million (5.6% of revenues) of the first six months of 2023. Considering non-recurring income statement items, EBITDA for the first six months of 2024 amounted to €-3.49 million (-11.9% of revenues).

In the first half, **EBIT**, i.e. the operating result, was €-5.84 million (-20.0% of revenues) compared to €13 thousand in the first six months of 2023. In addition to the above, this performance reflects also the depreciation , the amortisation and the write-downs recognised in the income statement in the first six months of 2024.

The recognition of amortisation, depreciation and impairment of intangible assets and of property, plant and equipment had a €2.35 million impact compared to €2.68 million in the same period of 2023.

In the first six months of 2024, **financial management** recorded a gain of €0.27 million, compared with a loss of €0.20 million in the first half of 2023. The value for 2024 was affected by the different currency trend, which resulted in a positive net exchange rate effect of €0.43 million compared to a value, again positive, of €0.22 million in 2023 and by the recognition of financial income and interest income of €0.45 million referring for €0.40 million to the adjustment of the value of the liability recorded in the financial statements in 2022 as an earn-out for the acquisition of InoNet Computer GmbH.. Financial management relating to interest accounted for €0.56 million, a higher value compared to the first half of 2023 (€0.47 million) mainly due to the interest rates increase on loans payable contracted at a floating rate and not subject to hedging policies, the remaining effect is attributable to the recognition of other net financial expenses of €0.05 million

Pre-tax loss was €5.57 million compared to a still negative result of €0.19 million in the first six months of 2023.

Estimated taxes, calculated based on the rates established for the year, were a positive €0,06 million. No deferred tax assets were recognised on the period results of the Italian, American and English companies.

The **net result** for the Group was €-5.51 million (it was negative for €0.94 million in the first six months of 2023) and its ratio to revenue was -18.8%.

As indicated in the explanatory notes to the consolidated financial statements for the year ended December 31, 2023, the Group oversees a single line of business known as “Modules and Platforms”, which comprises a) embedded computing modules and systems for industrial, transport, medical and energy uses; b) Edge computers featuring low power consumption and high performances, to be used both in Internet of Things (IoT) solutions and to create applications where Artificial Intelligence (AI) algorithms are used; c) software frameworks and platforms for IoT applications.
The segment reporting is presented based on the geographic area in which the various Group companies operate and are currently monitored. This is defined by the location of goods and operations carried out by individual Group companies. The geographic areas identified within the Group are: North America, Europe and Asia.

The development in revenues and margins by individual geographic area and the relative changes in the periods under review are set out below.

(€' 000)	North America			Europe			Asia			Correction, reversal and elimination			Total		
	H1 2024	H1 2023	% YoY Change	H1 2024	H1 2023	% YoY Change	H1 2024	H1 2023	% YoY Change	H1 2024	H1 2023	% YoY Change	H1 2024	H1 2023	% YoY Change
Third party Sales	5,201	16,732		17,000	18,446		7,060	12,717		0	0		29,261	47,895	
Infra-sector Sales	72	581		3,171	2,341		12	30		(3,255)	(2,952)		0	0	
Total Sales revenues	5,273	17,313	-69.5%	20,171	20,787	-3.0%	7,072	12,747	-44.5%	(3,255)	(2,952)	10.3%	29,261	47,895	-38.9%
Gross profit	2,119	8,086	-73.8%	9,471	8,489	11.6%	3,794	6,255	-39.3%	(844)	(532)	58.6%	14,540	22,298	-34.8%
Gross profit margin - %	40.2%	46.7%		47.0%	40.8%		53.6%	49.1%					49.7%	46.6%	
EBITDA													(3,490)	2,698	-229.4%
EBITDA margin - %													-11.9%	5.6%	
EBIT													(5,838)	13	n.s.
EBIT margin - %													-20.0%	0.0%	

North American revenues, which amounted to €5.27 million in the first half of 2024 and €17.31 million in the first half of 2023, recorded a significant 69.5% drop including inter-segment revenues. This reduction is the effect of the phase-out of the embedded legacy business with the main customer in the area, not yet fully offset due to the delay in the development of the Edge AIoT business, mainly due to the difficulties – now resolved – in recruiting personnel linked to the “war of talents” in the technological field that took place in the post-pandemic period. Although it will not be possible to close the gap during 2024, the variance from the reference period is better when compared with the -91.7% recorded at the end of the first quarter of 2024.
The European business area saw a 3% drop for the half-year, falling from €20.79 million in the first half of 2023 to €20.17 million in the first half of 2024. This performance is a consequence of the performance of orders and the delivery needs of customers. In fact, there is an extension of the ramp-up times of the Edge AIoT projects in progress with customers in the area, who are showing prudent and wait-and-see behaviour in the allocation of their annual budgets at a time when the entire industrial automation industry recorded a decrease of around 20%.

As in previous years, this area has the highest turnover in Edge AIoT, which recorded an increase of 2.3% at the expense of a reduction in the embedded business.
The Asian business area shows a decrease of 44.5%, from €12.75 million to €7.07 million, both due to a different distribution of revenues in the different quarters of the year compared to 2023, and to the destocking of the main customers, who reduced orders to the bare minimum. It should be emphasised that the situation in Japan is only cyclical and that all the main customers continue to have projects in place that will be able to develop and bring turnover back to historical levels as soon as the phenomenon of destocking in progress is completed.

The **breakdown of revenues by type**, which also in application of IFRS 15 represents the disclosure of disaggregated revenues, is as follows:

(€' 000) SALES BY TYPE	FY 2024	%	FY 2023	%	% change
Industrial revenues	25,242	86.3%	42,690	89.1%	-40.9%
Services revenues	4,019	13.7%	5,205	10.9%	-22.8%
TOTALE SALES AND SERVICE REVENUES	**29,261**	**100.0%**	**47,895**	**100.0%**	**-38.9%**

Down by 22,8% semester on semester, the reduction in revenues for services is due to the lower engineering services customisation for embedded projects to specific customers, while the amount of recurring revenues deriving from software, from professional services provided in the initial phases of new IoT projects remains constant.

The **regional breakdown of revenues** by customer location is shown below:

(€' 000) BREAKDOWN BY GEOGRAPHIC AREA	H1 2024	%	H1 2023	%	% change
European Union	15,056	51.5%	17,561	36.7%	-14.3%
United States	4,867	16.6%	16,040	33.5%	-69.7%
Japan	7,026	24.0%	12,674	26.5%	-44.6%
Other	2,312	7.9%	1,620	3.4%	42.7%
TOTAL SALES AND SERVICE REVENUES	**29,261**	**100.0%**	**47,895**	**100.0%**	**-38.9%**

Based on the breakdown of revenues by geographical area of the customer, it should be noted that revenues in the territory of the European Union remain predominant despite a reduction of 14.3%, with an incidence of 51.5% on total revenues in the first half year of 2024.
Despite a decrease of 44.6% in revenues, the Japan area is the second most significant area of the Group with an incidence of 24.0%.
The US area, following the reduction in the turnover of its largest customer as an effect of its decision to internalize development and subsequent future production, is the third most significant area, with an incidence of 16.6%.
On the other hand, the remaining geographic areas increased (+42.7%) and accounted for 7.9% of the total turnover in H1 2024.

Statement of financial position

Non-current assets

(€'000)	at June 30, 2024	at December 31, 2023	Changes
Intangible assets	83,101	85,827	(2,726)
Property, Plant and equipment	6,658	7,185	(527)
Investments in affiliate companies	4	4	-
Investments in other companies	548	544	4
Deferred tax assets	4,655	4,655	-
Other non-current assets	457	502	(45)
Total non-current assets	**95,423**	**98,717**	**(3,294)**

The Non-current assets item decreased from €98.72 million in the financial year 2023 to €95.42 million in the first half of 2024. The difference mainly reflects changes in intangible assets and property, plant and equipment arising from the different conversion ratio for financial statements in foreign currency, depreciation for the period as well as the investments made.

The Group's main investments are made in the following macro items:

(€'000)	at June 30, 2024	at December 31, 2023	Changes
Intangible assets	1,793	2,753	(960)
Property, plant and equipment	445	395	50
Investments	-	4	(4)
TOTAL MAIN INVESTMENTS	**2,238**	**3,152**	**(914)**

Current assets

(€'000)	at June 30, 2024	at December 31, 2023	Changes
Inventories	21,798	21,887	(89)
Trade receivables	14,377	19,883	(5,506)
Income tax receivables	1,454	1,206	248
Other current assets	1,918	2,151	(233)
Other current financial assets	110	143	(33)
Derivative instruments	71	102	(31)
Cash & cash equivalents	5,633	11,428	(5,795)
Total current assets	**45,361**	**56,800**	**(11,439)**

Current assets decreased compared to 31 December 2023: from €56.80 million at 31 December 2023 to €45.36 million at 30 June 2024.

The most significant items that changed were trade receivables and cash and cash equivalents, both of which decreased.
The reduction in receivables derives from the collection of trade receivables generated in the fourth quarter of 2023 and by the volume of uncollected revenue generated in the six-month period.
The reduction in liquidity is mainly attributable to the operating performance and the repayment of loan instalments. For more information on changes in cash and cash equivalents, please refer to the cash flow statement.
If compared at historical exchange rates, inventories remain substantially stable to meet requests from customers for the second half of the year, while there is an increase of €510 thousand if the comparison is made at constant exchange rates, mainly due to the exchange rate effect of the Japanese currency. The sales forecasts for the year should in any case make it possible to reduce inventories, which had an increase in the last 24 months due to the supply necessary to satisfy customers in a period of limited availability of some electronic components.

Net working capital

Net working capital shows the following evolution in the period:

(€'000)	**2024 (b)**	**31, 2023 (a)**	**2023**	**Changes (b-a)**
Inventories	21,798	21,887	26,345	(89)
Trade receivables	14,377	19,883	15,712	(5,506)
Income tax receivables	1,454	1,206	1,396	248
Other current assets	1,918	2,151	2,019	(233)
Current assets	**39,547**	**45,127**	**45,472**	**(5,580)**
Trade payables	(11,733)	(11,668)	(14,233)	(65)
Trade payables from affiliates companies	(348)	(127)	0	(221)
Income tax liabilities	(837)	(1,779)	(745)	942
Other current liabilities	(6,314)	(7,701)	(7,209)	1,387
Current liabilities	**(19,232)**	**(21,275)**	**(22,187)**	**2,043**
Net working capital	**20,315**	**23,852**	**23,285**	**(3,537)**

The reduction in working capital compared to 31 December 2023 is mainly due to a higher reduction in current assets than in current liabilities. In particular, against a reduction in trade receivables of €5.51 million, trade payables increased by €0.36 million and income tax payables and other current liabilities decreased by a total of €2.33 million.
Net working capital as a rolling ratio of revenues in the last twelve months was 27.0%, compared to 25.4% at 31 December 2023 and 21.7% at 30 June 2023. Due to a turnover in the first half year of 2024 lower than the average of the last few years, the 12-month figure is higher than the threshold value of 20%, a target desired by the management.

Net financial position

The following table shows the composition of the net financial position at the end of each period indicated, represented as defined by Consob notice no. 5/21 of 29 April 2021, which refers to the Guidelines of the European Securities and Markets Authority (ESMA), issued on 15 July 2020 and effective from 5 May 2021.

(€'000)		at June 30, 2024	at December 31, 2023	at June 30, 2023
Cash	A	5,633	11,428	11,770
Cash equivalents	B	-	-	-
Other current financial assets	C	181	245	311
Cash equivalent	**D=A+B+C**	**5,814**	**11,673**	**12,081**
Current financial debt	E	8,249	4,547	2,241
Current portion of non-current financial debt	F	10,336	13,474	11,913
Other current financial liabilities	G	341	-	-
Short-term financial position	**H=E+F+G**	**18,926**	**18,021**	**14,154**
Short-term net financial position	**I=H-D**	**13,112**	**6,348**	**2,073**
Non current financial debt	J	10,177	13,481	15,685
Debt instrument	K	-	-	-
Trade payables and other non-current payables	L	-	740	900
Medium-/long-term net financial position	**M=J+K+L**	**10,177**	**14,221**	**16,585**
(NET FINANCIAL POSITION) NET DEBT ESMA	**N=I+M**	**23,289**	**20,569**	**18,658**

The consolidated net financial position as at 30 June 2024 amounted to a net financial debt of €23.29 million, compared to a net financial debt of €20.57 million as at 31 December 2023.
With reference to liquidity, which amounted to €5.63 million, in the period in question €0.37 million of cash was used for operating activities, while €2.06 million was used for investments and €2.82 million for net repayment of loans.
During the second quarter of 2024, the parent company defined with almost all of its financial institutions, a financial optimization that resulted in a moratorium on principal repayments for the period from June 2024 and December 2025 and an extension of the original term of the loans by 24 months.
The financial optimization was concluded on September the 11st after obtaining the extension of the guarantees provided by the entities that originally granted them and the signing of the amending addenda to the loan agreements.
Given that the financial optimization is finalized after the 30 June 2024 half-year end, the values represented in the financial statements still consider the financial commitment with respect to the original amortization schedule, but the agreements reached have enabled Eurotech to obtain a reduction in loan instalment disbursements of €3.6 million in 2024 and €4.1 million in 2025.
Moreover, at the end of August 2024 a waiver was obtained on covenants that had not been met at the end of the year 2023 on a medium-long term loan. Therefore, in the next financial reports, the amount of Euro 1.3 million that had been classified as current financial liabilities as of 30 June 2024 pending the obtaining of the waiver will be reclassified to long-term.

Cash flows

(€'000)		at June 30, 2024	at June 30, 2023
Cash flow generated (used) in operations	A	(366)	(721)
Cash flow generated (used) in investment activities	B	(2.055)	(1.766)
Cash flow generated (absorbed) by financial assets	C	(2.818)	(3.146)
Net foreign exchange difference	D	(556)	(707)
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	(5.795)	(6.340)
Opening amount in cash & cash equivalents		**11.428**	**18.110**
Cash & cash equivalents at end of period		**5.633**	**11.770**

Investments and research & development

At 30 June 2024, technical investments (property, plant and equipment) in buildings, plants, equipment and instruments amounted to €285 thousand, while investments in other assets amounted to €59 thousand and those related to "right of use" amounted to €103 thousand. In addition, in the six-month period, the Group has bought production-related software licences for €11 thousand.
During the period, the Group invested in industrial research and development and technological innovation for new products. Research resulted in the development of new products/applications in the field of highly integrated, low-consumption computers and systems, IoT framework and integration platform, edge computers, intelligent sensors and embedded supercomputers. Moreover, technological innovation enabled the Company to achieve improvements in product quality in order to reduce production costs, with a resulting increase in business competitiveness. In the period, development activities were capitalised for an amount of €1.80 million (€1.56 million in the first half of 2023).

Competitive scenario, outlook and future growth strategy

The orders portfolio existing at the end of the first half year of 2024, following the preference of customers to release “last minute” orders, does not allow for long-term visibility. However, the existing backlog and the opportunities defined with customers suggest a much more promising second half of the year than the first, with growth of the Edge AIoT business as envisaged by the strategy. There are still some niche electronic component shortages that are expected to last at least until the end of the year, even if overall availability is good. Attention to the evolution of the global scenario is high, both for the geopolitical aspects that involve Europe, and the US following the presidential elections as well, and for the different impacts of the conflict in the Middle East that can spill onto the supply chain of our customers and suppliers.
On the organisational side, the focus is on the reduction of operating costs. In the next 6 months, we will continue to see the rationalisation actions completed in the USA and the incisive reorganisation of the activities of the Edge AIoT business line in all geographies that, when fully operational in 2025, will lead to lowering the run-rate of the Group's total operating costs by approximately €4 million compared to 2023.

More generally, the strategic direction for the Group's growth continues to be based on the following points:

- focus on markets that combine a larger size and a higher growth rate (CAGR) over the next 5 years;
- addressing applications in difficult environments or with high reliability requirements, which require more solutions using rugged devices;
- focus on vertical markets and sectors in which IT-OT integration is most valued;

- create growth both organically and through external lines, i.e. through the acquisition of new entities;
- leverage both global and local accelerating factors and forces of change:
    - Repatriation: switch AI processing from the cloud to the Edge
    - New & smart energy
    - Automation: increase process automation to improve efficiency

Treasury shares of the Parent Company owned by the Parent Company or subsidiaries

The Parent Company Eurotech S.p.A. held 240,606 treasury shares at the end of the reporting period. During the first half of 2024, no treasury shares of the Parent Company were purchased or sold on the market, nor were any shares assigned to employees under the existing performance plans.

Disclosure on sovereign exposure

Pursuant to Consob Communication no. DEM/11070007 of 5 August 2011 (a continuation of ESMA document 2011/266 of 28 July 2011) relating to disclosure in financial reports of the exposure of listed companies to sovereign debt, note that the Group does not hold sovereign debt securities.

Regulatory simplification process based on Consob resolution no. 18079/2012

Pursuant to Article 3 of Consob Resolution no. 18079 of 20 January 2012, Eurotech adopted the simplification (opt-out regime) procedure set out in Articles 70, paragraph 8, and 71, paragraph 1-bis, of the Regulation adopted by Consob with Resolution no. 11971 of 14 May 1999 as amended and supplemented. Therefore, it opts to derogate from the requirement to publish the information documents set out in Attachment 3B of this Consob Regulation for significant transactions such as mergers, spin-offs, capital increases via contributions in kind, acquisitions and sales.

Corporate governance information

The "Report on Corporate Governance and Ownership Structure" (hereinafter "Report") envisaged by Art. 123-bis of the Consolidated Law on Finance was prepared with reference to the year ended 31 December 2023 as an independent document, approved by the Board of Directors on 19 March 2024 and published on the Company's website at www.eurotech.com under the "Investors" section along with the financial statements.
The Report provides a general and complete overview of the corporate governance system adopted by Eurotech S.p.A. The Company's profile and the principles to which it refers are described. It contains information on the ownership structure and compliance with the Corporate Governance Code, including the principal governance policies applied and the main features of the internal control and risk management system. Furthermore, it includes a description of the functioning and composition of administrative and control bodies and their committees, roles, responsibilities and competencies.
The criteria for determining directors' compensation are described in the "Remuneration Report", drafted in compliance with the requirements envisaged by Art. 123-ter of the Consolidated Law on Finance and Art. 84-quater of the Consob Issuers' Regulation and published under the "Investors/Shareholders' Meeting" section of the Company's website.

Unusual and/or atypical transactions

Based on the information received from Group companies, no unusual or atypical transactions took place as defined by Consob in its communication no. 6064293 of 28 July 2006.

Other information

Russia-Ukraine conflict

The conflict between Russia and Ukraine, which has continued for over 2 years, continues to have important consequences at global level not only due to the serious humanitarian crisis that has ensued, but also due to the economic effects that are difficult to predict.
Although the Eurotech Group continues to have no relations with Ukraine and Russia, as it has no raw material suppliers and no production sites located in Russia and Ukraine, it cannot be excluded that a further escalation of the conflict could have unforeseeable effects on other neighbouring countries and an impact on procurement costs. The situation is closely monitored in order to be able to react promptly to any changes in the context

Israel – Palestine conflict

With regard to the conflict in the Middle East between Israel and Palestine, which arose at the beginning of October 2023, although there are no direct implications for the Group as there are no trade relations in that area, the general ramifications are still definitely uncertain and they should become more unstable over time. Also in this case, from an initial analysis, there could be impacts both in terms of cost volatility (e.g. energy) and in international trade relations. The situation remains monitored in order to take important remedial actions in the event of a worsening of the conflict or its territorial expansion.

Events after the reporting period

It has recently been announced that Eurotech's Board of Directors has approved to propose to the Shareholders' meeting to grant the same Board a proxy, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital up to a maximum of EUR 20 million (including any share premium), to be carried out also in divisible form, in one or more tranches, over the period of the next two years, under option to shareholders or also with the exclusion of option rights pursuant to Article 2441, paragraphs 4 and/or 5, of the Italian Civil Code.
The goal is to support the growth and development process of the Eurotech Group and thus to raise financial resources necessary for the realization of the strategic objectives of the Company's business plan, including possible acquisition transactions with priority to the United States. The shareholders' meeting will be held on October 15 next. In this context, and as a demonstration of the renewed confidence in the Company's strategic plan, in August the relative majority shareholder, Emera S.r.l., made payments to Eurotech on account of future capital increase for a total amount of Euro 2.5 million, in order to immediately give the Company flexibility of action for all short- and medium-term financial needs related to the implementation of the strategy. Emera's initiative also made it possible to finalize agreements within Eurotech S.p.A. to reschedule the payment maturities of outstanding medium- to long-term loans. In summary, the agreements with the banks provide for the rescheduling of the principal portions of the installments due from June 2024 until December 31, 2025 (inclusive), resulting in a 24-month extension of the original maturity of the related loans. This will enable Eurotech Spa to optimize its bank debt repayment profile to an extent consistent with its expected development plans, improving the company's liquidity availability in the medium term. In practice, the agreements reached

have enabled Eurotech to achieve a reduction in loan repayments of €3.6 million in 2024 and €4.1 million in 2025
No other significant events took place after the reporting date and up to 13 September 2024.

Condensed consolidated half-year financial statements at 30 June 2024

Consolidated statement of financial position

(€'000)	at June 30, 2024	*of which related parties*	at December 31, 2023	*of which related parties*
ASSETS				
Intangible assets	83,101		85,827	
Property, Plant and equipment	6,658		7,185	
Investments in affiliate companies	4		4	
Investments in other companies	548		544	
Deferred tax assets	4,655		4,655	
Other non-current assets	457		502	
Total non-current assets	**95,423**		**98,717**	
Inventories	21,798		21,887	
Trade receivables	14,377	1	19,883	1
Income tax receivables	1,454		1,206	
Other current assets	1,918		2,151	
Other current financial assets	110		143	
Derivative instruments	71		102	
Cash & cash equivalents	5,633		11,428	
Total current assets	**45,361**		**56,800**	
Total assets	**140,784**		**155,517**	
LIABILITIES AND EQUITY				
Share capital	8,879		8,879	
Share premium reserve	136,400		136,400	
Other reserves	(59,158)		(49,960)	
Group shareholders' equity	**86,121**		**95,319**	
Equity attributable to minority interest	**-**		**-**	
Total shareholders' equity	**86,121**		**95,319**	
Medium-/long-term borrowing	10,177		13,481	
Employee benefit obligations	2,235		2,382	
Deferred tax liabilities	3,136		3,400	
Other non-current liabilities	957		899	
Business combination liabilities	-		740	
Total non-current liabilities	**16,505**		**20,902**	
Trade payables	11,733	112	11,668	137
Trade payables from affiliates companies	348	348	127	127
Short-term borrowing	18,585		18,021	
Income tax liabilities	837		1,779	
Other current liabilities	6,314		7,701	
Business combination liabilities	341		-	
Total current liabilities	**38,158**		**39,296**	
Total liabilities	**54,663**		**60,198**	
Total liabilities and equity	**140,784**		**155,517**	

Consolidated income statement

(Migliaia di Euro)	Notes	H1 2024	of which non recurrent	of which related parties	H1 2023	of which related parties
Revenues from sales of products and services	D	29,261		3	47,895	4
Other revenues	24	279			136	
Cost of materials	19	(14,721)			(25,597)	(310)
Service costs	21	(6,924)	(116)		(7,407)	
Lease & hire costs		(474)			(386)	
Payroll costs	22	(12,053)	(182)	(526)	(13,052)	
Other provisions and other costs		(663)	(111)		(531)	
Cost adjustments for in-house generation of non-current	23	1,805			1,640	
Depreciation & amortisation	25	(2,263)			(2,685)	
Asset impairment	25	(85)	-		-	
Operating profit		**(5,838)**	**(409)**		**13**	
Finance expense	26	(1,403)			(1,410)	
Finance income	26	1,668			1,209	
Profit before taxes		**(5,573)**			**(188)**	
Income tax	27	62			(751)	
Net profit (loss)		**(5,511)**			**(939)**	
Minority interest		**-**			**-**	
Group net profit (loss) for period		**(5,511)**			**(939)**	
Base earnings (losses) per share	**12**	**(0.156)**			**(0.027)**	
Diluted earnings (losses) per share	**12**	**(0.156)**			**(0.027)**	

Consolidated statement of comprehensive income

(€'000)	Notes	H1 2024	H1 2023
Net profit (loss) before minority inerest (A)		**(5,511)**	**(939)**
Other elements of the statement of comprehensive income			
Other comprehensive income to be reclassified to profit or loss insubsequent periods:			
Net profit/(loss) from Cash Flow Hedge	28/31	(31)	(30)
Foreign balance sheets conversion difference	28	(4,215)	(5,731)
Exchange differences on equity investments in foreign companies	11/28	522	(539)
After taxes net other comprehensive income to be reclassified to profit or loss in subsequent periods (B)		***(3,724)***	***(6,300)***
Comprehensive net result (A+B+C)		**(9,235)**	**(7,239)**
Comprehensive minority interest		**-**	**-**
Comprehensive Group net profit (loss) for period		**(9,235)**	**(7,239)**

Consolidated statement of changes in equity

(€'000)	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Cash flow hedge reserve	Actuarial gains/(losses) on defined benefit plans reserve	Exchange rate differences reserve	Treasury shares	Profit (loss) for period	Group shareholders' equity	Equity attributable to Minority interest	Total shareholders' equity
Balance as at December 31, 2022(*)	**8.879**	**1.776**	**136.400**	**5.998**	**(49.878)**	**205**	**(445)**	**5.829**	**(703)**	**(1.619)**	**106.442**	**-**	**106.442**
2022 Result allocation	-	-	-	-	(1.619)	-	-	-	-	1.619	-	-	-
Profit (loss) as at December 31, 2023	-	-	-	-	-	-	-	-	-	(3.118)	(3.118)	-	(3.118)
Comprehensive other profit (loss):													
- Hedge transactions	-	-	-	-		(103)	-	-	-	-	(103)	-	(103)
- Actuarial gains/(losses) on defined benefit plans for employees	-	-	-	-		-	(98)	-		-	(98)	-	(98)
- Foreign balance sheets conversion difference	-	-	-	(5.623)	-			-	-	-	(5.623)	-	(5.623)
- Exchange differences on equity investments in foreign companies	-	-	-	-		-	-	(2.449)	-	-	(2.449)	-	(2.449)
Total Comprehensive result	**-**	**-**	**-**	**(5.623)**	**-**	**(103)**	**(98)**	**(2.449)**	**-**	**(3.118)**	**(11.391)**	**-**	**(11.391)**
- Performance Share Plan	-	-	-	-	227	-	-	-	41	-	268	-	268
Balance as at December 31, 2023	**8.879**	**1.776**	**136.400**	**375**	**(51.270)**	**102**	**(543)**	**3.380**	**(662)**	**(3.118)**	**95.319**	**-**	**95.319**

(*) Restated due to the final Purchase Price Allocation of InoNet. Effect on Shareholders' Equity is Euro 73 thousand

(€'000)	Notes	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Cash flow hedge reserve	Actuarial gains/(losses) on defined benefit plans reserve	Exchange rate differences reserve	Treasury shares	Profit (loss) for period	Group shareholders' equity	Equity attributable to Minority interest	Total shareholders' equity
Balance as at December 31, 2023		**8,879**	**1,776**	**136,400**	**375**	**(51,270)**	**102**	**(543)**	**3,380**	**(662)**	**(3,118)**	**95,319**	**-**	**95,319**
2023 Result allocation		-	-	-	-	(3,118)	-	-	-	-	3,118	-	-	-
Profit (loss) as at June 30, 2024		-	-	-	-	-	-	-	-	-	(5,511)	(5,511)	-	(5,511)
Comprehensive other profit (loss):														
- Hedge transactions	30	-	-	-	-		(31)	-	-	-	-	(31)	-	(31)
- Actuarial gains/(losses) on defined benefit plans for employees		-	-	-	-		-	-	-		-	-	-	-
- Foreign balance sheets conversion difference		-	-	-	(4,215)	-			-	-	-	(4,215)	-	(4,215)
- Exchange differences on equity investments in foreign companies		-	-	-	-		-	-	522	-	-	522	-	522
Total Comprehensive result		**-**	**-**	**-**	**(4,215)**	**-**	**(31)**	**-**	**522**	**-**	**(5,511)**	**(9,235)**	**-**	**(9,235)**
- Performance Share Plan	31	-	-	-	-	37	-	-	-	-	-	37	-	37
Balance as at June 30, 2024		**8,879**	**1,776**	**136,400**	**(3,840)**	**(54,351)**	**71**	**(543)**	**3,902**	**(662)**	**(5,511)**	**86,121**	**-**	**86,121**

Consolidated cash flow statement

CONSOLIDATED CASH FLOW STATEMENT (€'000)	Notes	at June 30, 2024	of which related parties	at June 30, 2023	of which related parties
CASH FLOWS GENERATED BY OPERATIONS:					
Group net profit (loss) for period		**(5.511)**		**(939)**	
Adjustments to reconcile reported net profit with cash & cash equivalents generated (used) in operations:					
Depreciation & amortization intangible assets, property, plant and	29	2.348		2.685	
Write-down of receivables	5	57		29	
Interest income	30	(2)		(2)	
Interest expenses	30	566		474	
Income taxes of the period	31	(238)		(751)	
Stock Grant expenses	15	37		276	
Provision for (use of) cumulative inventory write-down	4	-		(998)	
Provision for (use of) long-term employee severance indemnities	14	(147)		(168)	
Provision for (use of) risk provision	15	58		(103)	
(Provision for) / use of deferred tax asset / Provision for (use of) deferred tax liability	26	(207)		-	
Changes in current assets and liabilities					
Trade receivables	5	4.860	(1)	3.936	(1)
Other current assets	7	(26)		(371)	
Inventories and contracts in process	4	(510)		1.115	
Trade payables	16	600	(25)	(5.285)	(487)
Other current liabilities	17	(2.251)		(619)	
Total adjustments and changes		**5.145**		**218**	
Cash flow generated (used) in operations		**(366)**		**(721)**	
CASH FLOW FROM INVESTMENT ACTIVITIES:					
Sales of tangible and intangible assets	1/2	4		-	
Interest income	30	2		2	
Purchase of intangible fixed assets	1	(1.793)		(1.721)	
Purchase of tangible fixed assets	2	(342)		(170)	
Decreases (Increases) other financial assets	8	33		3	
Net investments in long-term investments and non-current assets		41		-	
Cash flow generated (used) by non-current assets classified as held for sale		-		120	
Cash flow generated (used) in investment activities		**(2.055)**		**(1.766)**	
CASH FLOW FROM FINANCING ACTIVITIES:					
Loans taken	13	450		4.891	
Interest paid		(566)		(474)	
(Repaid) loans short and medium/long term	13	(2.702)		(7.563)	
Cash flow generated (absorbed) by financial assets		**(2.818)**		**(3.146)**	
Net foreign exchange difference		(556)		(707)	
Increases (decreases) in cash & cash equivalents		**(5.795)**		**(6.340)**	
Opening amount in cash & cash equivalents	9	**11.428**		**18.110**	
Cash & cash equivalents at end of period	9	**5.633**		**11.770**	

Explanatory notes to the financial statements

A – Corporate information

The publication of the condensed consolidated half-year financial statements of Eurotech S.p.A. for the period ended 30 June 2024 was authorised by resolution of the Board of Directors on 13 September 2024. Eurotech S.p.A. is a joint-stock company incorporated and domiciled in Italy. The Group has its registered office in Amaro (UD), Italy.
Eurotech is a Group active in the research, development, and marketing of miniaturised computers and high-performance computers featuring high energy capacity. Moreover, within this business line it provides complete solutions or blocks of solutions and products for the Internet of Things through intelligent devices and an intelligent proprietary connectivity and communications platform. For more information, see Note D.

B – Reporting policies and IFRS compliance

The consolidated annual financial statements of Eurotech Group were prepared in accordance with IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to Art. 6 of EC Regulation 1606/2002 of the European Parliament and European Council of 19 July 2002.
These condensed consolidated half-year financial statements for the six-month period ended 30 June 2024 were prepared in accordance with the provisions of IAS 34 "Interim Financial Reporting", Art. 154-ter of the Consolidated Law on Finance and subsequent amendments, as well as the relevant Consob provisions. These condensed consolidated half-year financial statements do not contain all the information and notes required for drafting the consolidated annual financial statements and therefore this report must be read together with the consolidated annual financial statements at 31 December 2023.
To prepare the interim financial statements, management must make estimates and assumptions that affect the values of revenues, costs, assets and liabilities in the financial statements and the disclosure of potential assets and liabilities at the interim reporting date. If in the future, these estimates and assumptions, which are based on management's best valuations, differ from the actual circumstances, they would be modified appropriately in the period in which the circumstances arise. For a more detailed description of the Group's most significant valuation processes, please refer to note "C – Discretionary valuations and relevant accounting estimates" in the consolidated financial statements at 31 December 2023.
Moreover, note that certain valuation processes, in particular, more complex ones, such as calculating any impairment of non-current assets, are generally carried out fully only upon drafting of the annual financial statements, when all necessary information is available, except in cases in which there are impairment indicators that require an immediate valuation of any losses in value.
Income taxes are recognised based on the best estimate of the weighted average rate expected for the entire year.
The accounting standards, consolidation principles, and valuation criteria adopted for the preparation of the condensed consolidated half-year financial statements are consistent with those used for the preparation of the consolidated financial statements at 31 December 2023. The sole exception is for the adoption of new accounting standards, amendments and interpretations in force from 1 January 2024.

Following are the standards, amendments and interpretations that became effective as of 1 January 2024 and that were applicable for the first time to the condensed consolidated half-year financial statements at 30 June 2024. The application of these standards had no particular impact on the consolidated financial statements of the Group since they regulate matters not present, or affect only financial reporting:

IFRS 16 - Leases - The IASB has issued limited amendments to the requirements relating to sale and leaseback transactions envisaged by IFRS 16, which explain how a seller-lessee accounts for a sale and a leaseback after the date of the transaction. Sale and leaseback transactions in which some or all of the lease payments are variable payments that do not depend on an index or rate are most likely affected.

These amendments had no impact on the Group's half-yearly condensed consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 - In January 2020 and October 2022, the IASB of the amendments to paragraphs 69 to 76 of IAS 1. The amendments to IAS 1 clarify the criteria for classifying covenant liabilities as current or non-current. The amendments will also require companies to provide additional information to stakeholders. The changes introduced by the amendments require companies to consider the potential impact on their loan agreements and on the presentation of their financial statements. The amendments did not have any impact on the Group's half-yearly condensed consolidated financial statements, but it is expected that they will affect the report on accounting policies in the Group's annual consolidated financial statements.

Amendments to IAS 7 - Statement of Cash Flows and IFRS 7 Financial Instruments - In May 2023, the International Accounting Standards Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. With the amendments, the IASB introduced new report requirements in the IFRS standards to improve the transparency and, therefore, the usefulness of the information provided by the entity on loan agreements with suppliers.

The condensed consolidated half-year financial statements at 30 June 2024 are drawn up in euro, rounding amounts to the nearest thousand. They consist of the statement of financial position, the income statement, the statement of comprehensive income, the Consolidated statement of changes in Equity, the Consolidated statement of cash flows, and the following explanatory notes.

The data used for consolidation have been taken from the income statements and statements of financial position prepared by the Directors of individual subsidiaries. These figures have been appropriately amended and restated as necessary to align them with international accounting policies and with uniform Group-wide classification policies.

The condensed consolidated half-year financial statements were prepared in accordance with the general criteria of reliable and accurate presentation of the Group's financial position and results, as well as the cash flows, in compliance with the general principles of business continuity, accrual accounting, consistency of presentation, materiality and aggregation, prohibition of offsetting, and comparability of information.

Therefore, the Directors have prepared the financial statements on the assumption that the Group will continue to operate, believing that there are no material uncertainties that could cast significant doubt on this assumption in view of economic trends, the level of orders, the current financial position, also in function of the events that took place after the closing date such as the payment on account of a future capital increase of 2.5 million euros by the relative majority shareholder Emera Srl and the formalization of agreements with lending institutions following the financial optimization already described in this document (for which the reference is to the section describing events after the closing date), that allows the Group to sustain the continuous investments necessary to support the business strategies; furthermore, they believe that there is a reasonable expectation that the Group has adequate resources to continue operations in the near future and for a period of not less than 12 months from the reporting period.

C – Scope of consolidation

The condensed consolidated half-year financial statements include the half-year financial statements of the Parent Company, Eurotech S.p.A., and the Italian and foreign subsidiaries in which Eurotech directly or indirectly (through subsidiaries and affiliates) exercises control, makes financial and operating decisions and obtains the respective benefits.

Subsidiaries are consolidated from the date at which control is effectively transferred to the Group, and cease to be consolidated on the date at which control is transferred outside the Group.
The companies consolidated line-by-line in the basis of consolidation at 30 June 2024 are as follows:

Company name	Registered offices	Share capital		Group share
Parent company				
Eurotech S.p.A.	Via Fratelli Solari, 3/A – Amaro (UD)	€	8,878,946	
Subsidiaries consolidated line-by-line				
Aurora S.r.l. in liquidation	Via Fratelli Solari, 3/A – Amaro (UD)	€	10,000	100.00%
EthLab S.r.l.	Via Dante, 300 – Pergine Valsugana (TN)	€	115,000	100.00%
Eurotech Inc.	Columbia – MD (USA)	USD	26,500,000	100.00%
Eurotech Ltd.	Cambridge (UK)	GBP	33,333	100.00%
E-Tech USA Inc.	Columbia – MD (USA)	USD	8,000,000	100.00%
Eurotech France S.A.S.	Lyon (France)	EUR	795,522	100.00%
I.P.S. Sistemi Programmabili S.r.l. in liquidation	Via Fratelli Solari 3/A – Amaro (Udine, Italy)	EUR	51,480	100.00%
InoNet Computer GmbH	Taufkirchen (Germany)	EUR	250,000	100.00%
Advanet Inc.	Okayama (Japan)	JPY	72,440,000	90.00% (1)

(1) Officially, the Group owns 90% of the company, but as Advanet holds 10% of the share capital in the form of treasury shares, it is fully consolidated.

Affiliates consolidated at equity		
Rotowi Technologies S.p.A. in liquidation (formerly U.T.R.I. S.p.A.)	Via Carlo Ghega, 15 – Trieste	21.31%
Insulab S.r.l.	Viale Umberto I 24/C – Sassari	40.00%
Other smaller companies		
Kairos Autonomi Inc.	Sandy – UT (USA)	19.00%
Interlogica S.r.l.	Mestre (VE)	10.00%

As there were no other changes in the period, it should be noted that in July the company, having exercised its right of withdrawal in the company Interlogica S.r.l., obtained a refund of the value recorded at the time of entry into the investment which took place in 2020, without any significant economic effect.

The exchange rates used to convert the financial statements of foreign companies into the Eurotech Group's reference currency (euro) are presented in the following table and correspond to those issued by the Bank of Italy:

Currency	Average 6M 2024	As of June 30, 2024	Average 12M 2023	As of December 31, 2023	Average 6M 2023	As of June 30, 2023
British pound sterling	0.85465	0.84638	0.86979	0.86905	0.87638	0.85828
Japanese Yen	164.46135	171.94000	151.99027	156.33000	145.76039	157.16000
USA Dollar	1.08125	1.07050	1.08127	1.10500	1.08066	1.08660

D – Segment reporting

For management purposes, the Group considers only one business sector as relevant: the “Modules and Platform” sector. Thus, the disclosure is provided for the sole identified sector, broken down on a geographical basis. The geographical areas are produced in relation to the various group entities and based on the criteria with which they are currently monitored by top management.
The Group’s geographical areas are defined according to the localisation of Group assets and operations. They are: Europe, North America and Asia.
Management monitors the gross profit margin of the individual business units separately for the purposes of resources allocation and performance assessment.

(€' 000)	North America			Europe			Asia			Correction, reversal and elimination			Total		
	H1 2024	H1 2023	% YoY Change	H1 2024	H1 2023	% YoY Change	H1 2024	H1 2023	% YoY Change	H1 2024	H1 2023	% YoY Change	H1 2024	H1 2023	% YoY Change
Third party Sales	5.201	16.732		17.000	18.446		7.060	12.717		0	0		29.261	47.895	
Infra-sector Sales	72	581		3.171	2.341		12	30		(3.255)	(2.952)		0	0	
Total Sales revenues	5.273	17.313	-69,5%	20.171	20.787	-3,0%	7.072	12.747	-44,5%	(3.255)	(2.952)	10,3%	29.261	47.895	-38,9%

With regard to the sales performance by geographic area, shown in the table above, to be noted is - as already mentioned - that the European area had a slight decrease while the other two geographic areas sustained more noticeable decreases.

The table below shows assets and investments in the Group’s individual business segments at 30 June 2024 and 31 December 2023.

(€'000)	North America		Europe		Asia		Correction, reversal and elimination		Total	
	H1 2024	FY 2023	H1 2024	FY 2023	H1 2024	FY 2023	H1 2024	FY 2023	H1 2024	FY 2023
Assets and liabilites										
Segment assets	33,114	34,728	78,591	82,186	56,734	67,677	-28,207	-29,622	140,232	154,969
Investments in subsidiaries non consolidated, associate & other companies	123	117	430	431	0	0	0	0	552	548
Total assets	**33,237**	**34,845**	**79,021**	**82,617**	**56,734**	**67,677**	**-28,207**	**-29,622**	**140,784**	**155,517**
Segment liabilities	27,831	27,806	42,396	44,310	12,654	17,779	-28,217	-29,697	54,663	60,198
Total liabilities	**27,831**	**27,806**	**42,396**	**44,310**	**12,654**	**17,779**	**-28,217**	**-29,697**	**54,663**	**60,198**
Other segment information										
Investments in tangible assets	2	8	246	893	197	871	0	0	446	1,772
Investments in intangible assets	0	159	1,739	2,493	55	101	0	0	1,793	2,753
Depreciation & amortisation	218	1,265	1,521	5,168	495	1,098	114	198	2,348	7,729

E – Breakdown of main items of the statement of financial position

1 – Intangible assets

The following table shows the changes in the historical cost and accumulated amortisation of intangible assets in the reporting period:

(€ '000)	DEVELOPMENT COSTS	GOODWILL	SOFTWARE TRADEMARKS PATENTS	ASSETS UNDER CONSTRUCTION & ADVANCES	OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
Purchase or production cost	21.567	76.500	25.191	3.486	25.602	152.346
Previous years' impairment	(1.433)	(9.679)	(7.996)	(81)	-	(19.189)
Previous years' amortisation	(15.823)	-	(7.629)	-	(23.878)	(47.330)
OPENING BALANCE 2024	**4.311**	**66.821**	**9.566**	**3.405**	**1.724**	**85.827**
Purchases / Additions	2	-	11	1.780	-	1.793
Disposals / Divestitures	(1.283)	-	-	(4)	-	(1.287)
Other changes	56	(2.178)	(500)	(3)	(1.817)	(4.442)
Impairment in period	-	-	-	(85)	-	(85)
Transfers	1.413	-	-	(1.413)	-	-
Amortisation in period	(988)	-	(276)	-	(75)	(1.339)
Reversal of cumulative amortisation	1.283	-	-	-	-	1.283
Other changes in cumulative impairment	11	(250)	(236)	-	-	(475)
Other changes in cumulative amortisation	(70)	-	76	-	1.820	1.826
TOTAL CHANGES 2024	**424**	**(2.428)**	**(925)**	**275**	**(72)**	**(2.726)**
Purchase or production costs	21.755	74.322	24.702	3.846	23.785	148.410
Impairment	(1.422)	(9.929)	(8.232)	(166)	-	(19.749)
Cumulative amortisation	(15.598)	-	(7.829)	-	(22.133)	(45.560)
CLOSING BALANCE 2024	**4.735**	**64.393**	**8.641**	**3.680**	**1.652**	**83.101**

The decrease of €2.73 million is attributable to a combination of new investments totalling €1.79 million, a negative foreign exchange effect of €3.09 million and amortisation and impairment of total €1.42 million registered in the first half-year. The total amount in fact went from €85.83 million last year to €83.10 million at the end of the first half of 2024.

Investments made in the first six months of the year mainly relate to Group plans to develop new products, both on new IoT technologies and on products ordered to Edge computers and Edge AI.

The Other changes, Other changes, accumulated write-downs and Other changes, accumulated amortisation items refer to exchange differences accrued on the opening balances of the values expressed in foreign currencies whose net value is €3.09 thousand.

Goodwill refers to the higher value paid, upon acquisition of fully consolidated subsidiaries, in excess of the fair value of the assets and liabilities acquired. Goodwill is not amortised but is subject to impairment tests at least once a year.

In order to carry out the impairment test, the goodwill items and the assets with indefinite and definite useful lives, which were acquired through business combinations, were allocated to their respective cash-generating units, corresponding to the legal entity or Group of companies to which they refer to test for impairment.

The book value of goodwill and trademarks with indefinite useful lives allocated to each of the cash-generating units are as follows:

(€ '000)	at June 30, 2024		at December 31, 2023	
Cash generating units	**Goodwill**	**Trademark with an indefinite useful life**	**Goodwill**	**Trademark with an indefinite useful life**
Advanet Inc.	32,434	6,159	35,673	6,774
InoNet Computer GmbH	5,221	-	5,221	-
Eurotech Inc. (ex Applied Data Systems e ex Arcom Inc.)	22,914	-	22,201	-
Eurotech Ltd. (ex Arcom Ltd.)	3,734	-	3,636	-
Other	90	-	90	-
TOTAL	**64,393**	**6,159**	**66,821**	**6,774**

The change in the values of Advanet Inc., Eurotech Inc. and Eurotech Ltd. is attributable to the fact that these values are expressed in the functional currency of foreign operations and subsequently converted at each reporting date using the precise exchange rate on that date.

The Trademarks item includes the valuation of the "InoNet" trademark following the acquisition of the company of the same name which is subject to amortisation (the residual value as at 30 June 2024 is €1.966 thousand), and the "Advanet" trademark, which was recognised at the time of the acquisition of the Group of the same name, and which continues to be defined by the Directors as an asset with an indefinite life, as its use for commercial and production purposes is deemed to have no defined time limits, taking into account its characteristics and positioning in the Japanese market. As a result, this value (which as at 30 June 2024 amounted to €6,159 thousand) is not subject to amortisation but is subject at least annually to an impairment test.

Goodwill refers to the higher value recognised on the whole when fully-consolidated subsidiaries were acquired, in excess of the fair value of the assets and liabilities acquired from time to time.

The Group performs the impairment test at least annually on December 31 and when circumstances indicate the possibility of a reduction in the recoverable amount of goodwill and other assets with indefinite useful lives. The impairment test of goodwill and intangible assets with indefinite useful lives is based on the calculation of value in use.

In reviewing its impairment indicators, the Group considers, among other factors, the performance of the stock, the ratio of its market capitalization to its book equity, and the performance of sales volumes compared to budget forecasts.

During the first half of the year, the share price performance showed a loss in terms of market capitalization of approximately Euro 48 million compared to December 31, 2023 (Euro 88 million as of December 31, 2023 and Euro 40 million as of June 30, 2024) against the Group's book equity, which fell from a value of Euro 95 million as of December 31, 2023 to a value of Euro 86 million as of June 30, 2024, thus indicating the existence of a potential impairment of goodwill and trademarks with an indefinite useful life.

In addition, the general global reduction in demand in the target sector has negatively affected sales compared to the forecasts in the last business plan.

Consequently, the directors conducted an impairment test as of June 30, 2024 for all CGUs to which intangible assets with indefinite useful lives are allocated.

For the purpose of testing for impairment of goodwill and other intangible assets with finite useful lives allocated to the various CGUs, the Group critically analyzed, as of June 30, 2024, the valuation processes conducted as of December 31, 2023 approved by the BoD on March 11, 2024, which had also been carried out with the support of independent experts. Again with the support of independent consultants (the same ones who carried out the analysis as of 12/31/2023) on the basis of the elements available at the time, the economic-financial situations of the various CGUs as of June 30, 2024 were analyzed and compared with the 2023 data, the 2024 budget, and a year-end forecast carried out by the individual CGUs.

The recoverable values from the individual CGUs were determined based on the higher value between the value in use, determined by applying the discounted cash flow (DCF) method, and the respective fair value. The projection of discounted cash flows resulting from a sensitivity plan with respect to the one approved by the directors of the Parent Company in March 2024 was used to calculate the respective value, while cash flows beyond the explicit horizon of the Plan and for the purpose of determining the terminal value were extrapolated according to the perpetuity method on the basis of normalized flows in the fifth year of the approved plan. The plans were prepared in their respective functional currencies and the resulting recoverable values were homogeneously compared with the carrying values in foreign currencies referred to the various cash generating units. Therefore, the directors did not proceed with the approval of a new multi-year plan, the update of which will be carried out according to the Group's usual calendar close to the end of the financial year, but checked how the most up-to-date closing forecasts for the year 2024 could continue to be reasonably linked with the explicit flows of the plan already approved by the board of directors for the years 2024-2028, also considering the most up-to-date analyses that were prepared for the purpose of negotiation with the lenders for the definition of the financial optimization more fully described in the following section “Subsequent events.”

The growth rate “g” used for the purposes of determining the terminal value, equal to that used in the impairment as of December 31, 2023 was between 1.2% and 2.4% depending on the average long-term inflation rate expected in the various reference markets. The discount rate (WACC - Weighted Average Cost of Capital) applied to the prospective cash flows is different depending on the different impact that the main business lines have on the Plan in different years and was weighted accordingly. The WACC, therefore, varies in a range between 5.41% and 11.38% calculated according to the country in which the individual companies operate, the average debt structure of the industry to the different years of the Plan and was determined net of the tax effect.

The development of the discount rate (WACC), taking into account changes during the six-month period, is shown below:

	JAP	USA	GER	UK
Risk free	0.83%	4.30%	2.43%	4.13%
Total Market Premium	5.50%	5.50%	5.60%	5.70%
Beta unlevered	from 0.82 to 1.05	from 0.93 to 1.09	1.07	from 0.93 to 1.08
WACC	5.41%	10.85%	9.57%	11.38%
g rate	1.20%	2.40%	2.00%	1.90%

With reference to the growth rate “g” used to determine the terminal value, the same one envisaged as at 31 December 2023 (values ranging from 1.2% to 2.4%) is used, which is consistent with the inflation and GDP expectations of the countries in which the CGUs operate and also with reference to the terminal value itself, the same assumptions made for the impairment test carried out as at 31 December 2023 were used.

Based on the considerations made by management, even though the recoverable values of the CGUs are somewhat lower than those determined as at 31 December 2023, there is no need to write down the assets.

Further changes in interim results and discounting rates would lead to impairment in the Eurotech Inc, Advanet Inc and Eurotech LTD CGUs. In particular, the recoverability of the values of intangible assets related to the acquisition of the different CGUs appears to be contingent on the occurrence of any changes in the key assumptions assumed for the related estimate. The excess of carrying values over recoverable values would occur differently from CGU to CGU. In this regard, some sensitivity analyses were also prepared in order to assess the volatility of the results obtained consequent to the variation of some parameters considered in the valuation exercise, such as WACC and g-rate, WACC and EBITDA reduction over the Plan horizon. The sensitivity analyses carried out showed potential impairments in case of deterioration of even single of the above parameters. All other things being equal, the WACC of Terminal Value, which would result in an impairment situation is expected to be 11.37% or higher for Eurotech Inc., 6.99 percent for Advanet Inc., 12.54% for Eurotech Ltd. and 29.47% for InoNet Computer GmbH. Recognizing that, based on the still-expanding stage the individual CGUs are in, the terminal values are significant (up to 90% of value in use), assumptions were analyzed for even significant reductions in EBITDA values with other balance sheet elements held constant. Sensitivity analyses returned an additional reduction in value for CGU Eurotech Inc. about Euro 1 million in the event that, all other test conditions being equal, EBITDA over the plan horizon would be reduced by 10%; conversely, a 10%reduction in the same indicator over the plan horizon would not produce reductions in value for CGUs Advanet Inc., Eurotech Ltd. and InoNet GmbH. Finally, long-term growth assumptions were considered to be consistent with the last impairment test performed in March 2024 using a value between 1.2% and 2.4% depending on the reference country.

Generally speaking, in their analyses, the Directors have taken into account not only internal indicators, but also external ones (such as the stock market performance of Eurotech's shares and its capitalisation, as well as changes in the technological, market, economic or regulatory environments) and have deemed the values recorded to be adequate and recoverable.

2 – Property, plant and equipment

The table below shows changes in the historical cost and accumulated depreciation and the value of the assets in the period under review:

(€ '000)	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL & COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUC TION & ADVANCES	RIGHT OF USE ASSETS	TOTAL PROPERTY, PLANT & EQUIPMENT
Purchase of production cost	2.178	4.615	5.608	5.766	2	8.397	26.566
Previous year's depreciation	(597)	(4.312)	(5.347)	(5.312)	-	(3.813)	(19.381)
OPENING BALANCE 2024	**1.581**	**303**	**261**	**454**	**2**	**4.584**	**7.185**
Purchases / Additions	-	104	178	59	1	103	445
Disposals / Divestitures	-	(36)	(1.062)	(1.440)	-	(1.585)	(4.123)
Other changes	(3)	(240)	(117)	(47)	-	(146)	(553)
Transfers	-	-	-	(5)	-	5	-
Depreciation in period	(30)	(38)	(66)	(112)	-	(678)	(924)
Reversal of cumulative depreciation	-	36	1.062	1.443	-	1.582	4.123
Transfers amortisation	-	-	-	6	-	(6)	-
Other changes in cumulative amortisation	1	224	106	22	-	152	505
TOTAL CHANGES 2024	**(32)**	**50**	**101**	**(74)**	**1**	**(573)**	**(527)**
Purchase or production cost	2.175	4.443	4.607	4.333	3	6.774	22.335
Cumulative depreciation	(626)	(4.090)	(4.245)	(3.953)	-	(2.763)	(15.677)
CLOSING BALANCE 2024	**1.549**	**353**	**362**	**380**	**3**	**4.011**	**6.658**

The other purchases refer mainly to computers, office equipment, industrial equipment and cars.
Right-of-use assets includes mainly leases, in accordance with IFRS 16. Leases refer to the rents of industrial and commercial buildings as well as office areas and leases of office machines. During the first half of 2024, some contracts were extended, new ones were signed, some were closed and others were replaced with a new contact. The increases equal to €103 thousand. These assets, concerning the "Right of use", are depreciated on a straight line basis for the duration of the contract, taking account of the renewal/termination options. Depreciation recognised with reference to the “Rights of use” assets during the year amounted to a total of €678 thousand.
The item “other changes”, referring to both the cost and the value of the relative accumulated depreciation, shows the effect of the different exchange rate used to convert the values of foreign entities at 30 June 2024 compared to that applied at 31 December 2023. The total net value is negative and amounts to €48 thousand.

3 – Equity investments in affiliates and other companies

The table below shows changes in equity investments in affiliates and other companies in the reporting period:

	at June 30, 2024			
(€'000)	INITIAL VALUE	OTHER	EOP VALUE	% OWNERSHIP
Investments in associate companies (valuation using the equity method):				
Insulab S.r.l.	4		4	40.00%
Rotowi Technologies S.r.l. in liquidazione (ex U.T.R.I. S.p.A.)	-	-	-	21.32%
TOTAL INVESTMENTS IN ASSOCIATE COMPANIES	**4**	**-**	**4**	
Investments in other companies (valuation at fair value on the Profit&Loss):				
Consorzio Ecor' IT	2	-	2	
Consorzio Aeneas	5	-	5	
Consorzio Ditedi	19	-	19	7.69%
Interlogica S.r.l.	400	-	400	10.00%
Kairos Autonomi	117	4	121	19.00%
Others	1		1	
TOTAL INVESTMENTS IN OTHER COMPANIES	**544**	**4**	**548**	

Rotowi Technologies S.r.l. in liquidation (formerly U.T.R.I. S.p.A.) was valued using the equity method and the percentage of ownership is equal to 21.32%.
The investment in the company Interlogica S.r.l. on 23 July 2024 closed following the decision to withdraw from the company itself resulting in the collection of the value recorded as of June 30, 2024.

The other changes in other companies relate to the exchange rate effect.

4 - Inventories

The table below shows the breakdown of inventories at the end of the relevant reporting periods:

(€'000)	at June 30, 2024	at December 31, 2023
Raw & auxiliary materials and consumables - gross	16.644	16.076
Inventory write-down provision	(2.396)	(2.410)
Raw & auxiliary materials and consumables - net	**14.248**	**13.666**
Work in process and semi-finished goods - gross	627	740
Inventory write-down provision	(115)	(256)
Work in process and semi-finished goods	**512**	**484**
Finished poducts and goods for resale - gross	9.332	9.349
Inventory write-down provision	(2.312)	(2.318)
Finished products and goods for resale - net	**7.020**	**7.031**
Advances	**18**	**706**
TOTAL INVENTORIES	**21.798**	**21.887**

Inventories at 30 June 2024 amounted to €21.80 million, net of the inventory write-down provision totalling €4.84 million and the decrease compared to 31 December 2023 is €0.09 million. Net of the exchange rate effect of €0.60 million, the change in inventories is incremental by €0.51 million.. The net decrease in inventory write-down provision of €0.14 million is mainly the result of the combined effect of allocations made during the period and the uses following the disinvestment of warehouse items that had previously been either fully or partially written down.

The following table shows the changes in inventory write-down provision in the periods under review:

(€'000)	at June 30, 2024	at December 31, 2023
OPENING BALANCE	**4,984**	**5,679**
Provisions	139	1,099
Other changes	(9)	(209)
Utilisation	(291)	(1,585)
CLOSING BALANCE	**4,823**	**4,984**

The “other changes” item represents the movements in values expressed in the functional currency of foreign operations and subsequently converted at each reporting date using the exchange rate on that date.

5 – Trade receivables

The table below shows the breakdown of trade receivables and the respective doubtful debt provision at 30 June 2024 and 31 December 2023:

(€'000)	at June 30, 2024	at December 31, 2023
Trade receivables - customers	15,058	20,530
Trade receivables - realted paties	1	1
Doubtful debt provision	(682)	(648)
TOTAL TRADE RECEIVABLES	**14,377**	**19,883**

Note that, at the reporting date, the Group did not present significant concentrations of credit risk, as the Group has a number of customers located throughout the various geographic areas of business. The risk profile of customers is essentially similar to that identified and assessed in the past year. These receivables are expected to be collected within the next year. Trade receivables are non-interest bearing and generally fall due at 90/120 days.

Trade receivables, net of the relative doubtful debt provision, decreased by €5.51 million compared to 31 December 2023. The decrease is mainly due to the different turnover generated in the months prior to the end of the reporting period and the trend in natural due dates of residual trade receivables at the end of June 2024, linked to the sales trend.
The receivables include €627 thousand in bank receipts presented subject to collection, but not yet due at the end of the period.

Receivables are shown after a doubtful debt provision of €0.68 million.

(€'000)	at June 30, 2024	at December 31, 2023
OPENING BALANCE	**648**	**663**
Provisioning	57	68
Other changes	1	(1)
Utilisation	(24)	(82)
CLOSING BALANCE	**682**	**648**

The net increase for the period was €34 thousand, due to the combined effect of the provision for the period for €57 thousand to adjust, individually, the value of receivables based on the expected losses on them, the utilisation of the provision for €24 thousand as the conditions for utilising the provision were met and a slight exchange rate effect for €1 thousand.

6 – Tax receivables and payables

Receivables for income taxes represent receivables from individual governments for direct taxation (IRES and income taxes in various countries), which should be recovered within the next year as well as receivables for withholdings made on dividends distributed to the Parent Company. Compared to 31 December 2023, this value increased from €1,206 thousand to €1,454 thousand.

Income tax payables are made up of current taxes relating to the period still to liquidate and represent the amounts that the companies must pay to the tax authorities of the respective countries. They amounted to €837 thousand as at 30 June 2024. These payables are calculated according to the tax rates currently in force in each country. Foreign tax payables amounted to €637 thousand (2023: €1,579 thousand), those for Italian tax payables amounted to €200 thousand (2023: €200 thousand).

7 – Other current assets

The table below shows the breakdown of other current assets at 30 June 2024 and 31 December 2023:

(€'000)	at June 30, 2024	at December 31, 2023
Advance payments to suppliers	171	441
Tax receivables	208	391
Other receivables	54	70
Accrued income and prepaid expenses	1,485	1,249
TOTAL OTHER CURRENT ASSETS	**1,918**	**2,151**

Tax receivables comprise mainly receivables for indirect tax (VAT). VAT receivables do not bear interest and are generally settled with the competent tax authority on a monthly basis.
Prepaid expenses relate to costs borne in advance for bank charges, maintenance fees, utilities, services and insurance.

8 – Other current financial assets

The "other current financial assets" item recorded under current assets amounted to €110 thousand with a decrease of €33 thousand compared to 31 December 2023 (€143 thousand).
The amount refers for €79 thousand to a three-year insurance policy and for €31 thousand to a liquidity investment in low-risk funds.

9 – Cash and cash equivalents

The table below shows the breakdown of cash and cash equivalents at 30 June 2024 and 31 December 2023:

(€'000)	at June 30, 2024	at December 31, 2023
Bank and post office deposits	5,625	11,425
Cash and valuables in hand	8	3
TOTAL CASH & CASH EQUIVALENTS	**5,633**	**11,428**

Bank deposits are mostly on demand. The fair value of cash and cash equivalents was €5.63 million (€11.43 million at 31 December 2023).
Cash and cash equivalents fell by €5.80 million compared to 31 December 2023. For more information on cash and cash and cash equivalents, please refer to the cash flow statement and to the management report.

10 – Net financial position

The Group's net financial position as defined by the Consob notice no. 5/21 of 29 April 2021, which refers to the Guidelines of the European Securities and Markets Authority (ESMA), issued on 15 July 2020 and in force as from 5 May 2021 is as follows:

(€'000)		at June 30, 2024	at December 31, 2023
Cash	A	5,633	11,428
Cash equivalents	B	-	-
Other current financial assets	C	181	245
Cash equivalent	**D=A+B+C**	**5,814**	**11,673**
Current financial debt	E	8,249	4,547
Current portion of non-current financial debt	F	10,336	13,474
Other current financial liabilities	G	341	-
Short-term financial position	**H=E+F+G**	**18,926**	**18,021**
Short-term net financial position	**I=H-D**	**13,112**	**6,348**
Non current financial debt	J	10,177	13,481
Debt instrument	K	-	-
Trade payables and other non-current payables	L	-	740
Medium-/long-term net financial position	**M=J+K+L**	**10,177**	**14,221**
(NET FINANCIAL POSITION) NET DEBT ESMA	**N=I+M**	**23,289**	**20,569**

Net financial debt as at 30 June 2024 amounted to €23.29 million compared to €20.57 million as at 31 December 2023. The adoption of the IFRS 16 accounting standard meant the recognition by Group companies of financial liabilities for rights of use at 30 June 2024 equal to €4.15 million (€4.69 million at 31 December 2023).
During the second quarter of 2024, the parent company finalized with almost all of its financial institutions, a financial optimization that resulted in a moratorium on the principal amounts to be repaid in the period from June 2024 and December 2025 and an extension of the original term of the loans by 24 months.
The financial optimization was concluded on September 11 current year after obtaining the extension of the guarantees provided by the institutions that originally granted them and the signing of the amending addenda to the original loan agreements.

The values represented in the financial statements still take into account the financial commitment with respect to the original amortization schedule, but the agreements reached enabled Eurotech to obtain a reduction in disbursements for loan installments of 3.6 million euros in 2024 and 4.1 million euros in 2025.
In addition, at the end of August 2024, a waiver was obtained on covenants that had not been met at the end of the year 2023 and in any case verifiable only on an annual basis, on a medium-long term loan.

11 – Equity

The table below shows the breakdown of equity at 30 June 2024 and 31 December 2023:

(€'000)	at June 30, 2024	at December 31, 2023
Share capital	8,879	8,879
Reserves	(53,647)	(46,842)
Share premium reserve	136,400	136,400
Net profit (loss) for period	(5,511)	(3,118)
Group shareholders' equity	**86,121**	**95,319**
Equity attributable to minority interest	**-**	**-**
Total shareholders' equity	**86,121**	**95,319**

The share capital at 30 June 2024 was made up of 35,515,784 ordinary shares, fully subscribed and paid in, with no nominal value.

The balance of the Issuer's legal reserve at 30 June 2024 amounted to €1.78 million.

The share premium reserve, which relates entirely to the Parent Company, is shown at a total amount of €136.4 million.

The negative translation reserve of €3,84 million is generated by inclusion in the condensed consolidated half-year financial statements of the statements of financial position and income statements of US subsidiaries Eurotech Inc. and E-Tech USA Inc., as well as the UK subsidiary Eurotech Ltd. and the Japanese subsidiary Advanet Inc.

The “other reserves” item was negative for €54.35 million and consisted of the Parent Company’s extraordinary reserve, formed by losses carried forward, allocations of retained earnings from prior years and other miscellaneous reserves. The change in the year is attributable to the allocation of 2023 results and the recognition of the Performance Share Plans as described in Explanatory Note 32.

The cash flow hedge reserve, which includes cash flow hedge transactions pursuant to IFRS 9, was positive for €71 thousand and decreased by €31 thousand gross of the tax effect, and was therefore not recorded as the prerequisite conditions were not met.
The foreign exchange reserve, which recognises – based on IAS 21 – foreign exchange differences relating to intragroup foreign-currency loans that constitute part of a net investment in foreign operations, was positive for €3.09 million, an increase of €0.52 million.

The Parent Company Eurotech S.p.A. held 240,606 treasury shares at the end of the reporting period. There were no changes during the six-month period.

12 – Basic and diluted earnings (losses) per share

Base earnings (losses) per share (EPS) are calculated by dividing the income of the period pertaining to ordinary shareholders of the Parent Company by the average weighted number of ordinary shares in circulation during the period, net of treasury shares.

No equity transactions were reported in the periods presented for comparison that diluted earnings per share.

The tables below show earnings and information on the shares used to calculate the basic and diluted EPS.

	at June 30, 2024	**at December 31, 2023**
Net income (loss) attributable to parent company shareholders	(5,511,000)	(3,118,000)
Weighted average number of ordinary shares including own shares	35,515,784	35,515,784
Own shares	(240,606)	(251,209)
Weighted average number of ordinary shares except own shares	35,275,178	35,264,575
Weighted average number of ordinary shares except own shares for share diluted	35,275,178	35,264,575
Net income (loss):		
- per share	**(0.156)**	**(0.088)**
- per share diluted	**(0.156)**	**(0.088)**

13 – Financial liabilities

The table below shows the breakdown of short- and medium/long-term financial liabilities at 30 June 2024:

TYPE (€'000)	COMPANY	BALANCE ON 30.06.2024	SHORT TERM within 12 months	Total Medium and long-term	Mid term Over 12 months	Long term Over 5 years	BALANCE ON 31.12.2023
CURRENT OUTSTANDINGS - (a)		**8,249**	**8,249**	**-**	**-**	**-**	**4,547**
Lease liabilities		4,147	860	3,287	2,131	1,156	4,689
TOTAL OTHER FINANCINGS - (b)		**4,147**	**860**	**3,287**	**2,131**	**1,156**	**4,689**
Unsecured loans	Eurotech S.p.A.	12,809	8,083	4,726	4,726	-	15,454
Unsecured loans	Advanet Inc.	2,726	1,322	1,404	1,404	-	5,964
Mortgage loan	Eurotech S.p.A.	831	71	760	234	526	848
TOTAL BANK DEBT - (c)		**16,366**	**9,476**	**6,890**	**6,364**	**526**	**22,266**
TOTAL OTHER FINANCING AND BANK DEBT - [(b) + (c)]		**20,513**	**10,336**	**10,177**	**8,495**	**1,682**	**26,955**
TOTAL DEBT - [(a) + (b) + (c)]		**28,762**	**18,585**	**10,177**	**8,495**	**1,682**	**31,502**

In the first half of 2024, portions of medium/long-term loans falling due were paid in the amount of €5.29 million.

At 31 December 2023, the Group had not complied with the financial covenants contained in a loan agreement. The waiver request made by the company to the bank was successful in August and consequently, as at 30 June 2024, the relative medium/long-term portion amounting to €1.3 million remained classified as a current financial liability.
The item "other loans" includes a residual payable of €4.15 million (of which €3.29 million was medium-term) for leases accounted for in accordance with IFRS 16.

During the second quarter of 2024, the parent company defined with almost all of its financial institutions, a financial optimization that resulted in a moratorium on the principal amounts to be repaid for the period from June 2024 and December 2025 and an extension of the original term of the loans by 24 months. The financial optimization was concluded on September 11 current year after obtaining the extension of the guarantees provided by the entities that originally granted them and the signing of the amending addenda to the loan agreements.
The values represented in the financial statements still consider the financial commitment with respect to the original amortization schedule, but the agreements reached enabled Eurotech to obtain a reduction in loan installment disbursements of 3.6 million euros in 2024 and 4.1 million euros in 2025.

All existing bank loans as at 30 June 2024 are denominated in euro, with the exception of loans granted to the Japanese subsidiary, which are in Japanese yen, while the other loans, referring to liabilities tied to lease contracts, are expressed in three currencies, which are some of the reference currencies of the various Group companies (EUR, JPY and GBP).

14 – Employee benefits

The table below shows the breakdown of employee benefits at 30 June 2024 and 31 December 2023:

(€'000)	at June 30, 2024	at December 31, 2023
Employees' leaving indemnity	334	330
Foreing Employees' leaving indemnity	1,901	2,052
TOTAL EMPLOYEES' BENEFITS	**2,235**	**2,382**

Defined-benefit plans

The Group has defined-benefit pension plans both in Italy and Japan, disbursed on or after termination of employment through defined contribution and defined benefit plans.

For the part of defined-contribution plans in which contributions are made to a separately administered fund, the Group's legal or constructive obligation is limited to the amount of contributions to be made.

In defined benefit plans, on the other hand, the adjustment of the net liability of the plans (net of any plan assets) is recognized in the income statement on the basis of actuarial assumptions on an accrual basis, consistent with the benefits required to be earned. The liability is valued by independent actuaries using models based on demographic assumptions, in relation to mortality and turnover rates of the target population, and financial assumptions, in relation to the discount rate reflecting the time value of money and the inflation rate.

The amount to be recognized as an expense in the income statement consists of the following elements:

- the social security cost related to current employment benefits, charged to personnel costs;
- the interest cost, charged to financial expenses.

Actuarial gains or losses arising from revaluations of the net liability for defined benefit plans are recognized immediately in other comprehensive income.

The changes in the Italian and foreign “pension fund” items that are related to defined-benefit plans are as follows:

	Defined benefit plans			
	Italy		Japan	
(€ '000)	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Projected benefit obligation at the beginning of the period	**330**	**321**	**2,052**	**2,183**
Current Service cost	176	6	84	192
Interest cost	-	9	-	24
Other changes	(152)		(178)	(130)
Pensions paid	(20)	(4)	(57)	(121)
Recognized actuarial gains or losses	-	(2)	-	(96)
Projected benefit obligation at the end of the period	**334**	**330**	**1,901**	**2,052**

15 – Provisions for risks and charges

The table below shows the breakdown and changes in provisions for risks and charges at 30 June 2023 and 31 December 2022:

(€'000)	at December 31, 2023	Provision	Utilization	Other	at June 30, 2024
Selling agents' commission fund	27	1	-	-	28
Guarantee reserve	508	87	(110)	(9)	476
Busting depreciable asset	364	-	-	(22)	342
Other long therm risk provision	-	111	-	-	111
TOTAL FUNDS FOR COSTS AND FUTURE RISKS	899	199	(110)	(31)	957

The “selling agents' commission fund” is allocated based on the amounts envisaged by legislation and collective economic agreements regarding situations of interruption in the mandate given to agents. The effect of discounting the share of liabilities that will be liquidated beyond the next year is not expected to be significant.

The product warranty provision is allocated based on the expectations of the charges to be incurred for the fulfilment of the contractual warranty on products sold at year-end.

The "asset disposal reserve" was allocated in response to an obligation for future costs that the Japanese and English companies of the Group will incur in future years for the disposal, demolition, disassembly, and removal of a number of assets, and improvements to leased property, at the end of their useful lives or of the lease contract.

The "Other risks reserve" is allocated on the basis of expected costs to be incurred for risks related to legal disputes or transitional reorganisation agreements not yet settled. During 2024, the provision was increased to cover the probable risk of settling agreements in connection with the ongoing workforce-level reorganization.

16 – Trade payables

The table below shows the breakdown of trade payables at 30 June 2024 and 31 December 2023:

(€'000)	at June 30, 2024	at December 31, 2023
Third parties	11,620	11,648
Related companies	461	147
TOTAL TRADE PAYABLES	**12,081**	**11,795**

Trade payables at 30 June 2024 came to €12.08 million, an increase of €0.29 million compared to 31 December 2023. The effective increase comparing the values at constant exchange rates is €0.60 million.
Trade payables are non-interest bearing and, on average, are settled 90-120 days after invoice date.

17 – Other current liabilities

The table below shows the breakdown of other current liabilities at 30 June 2024 and 31 December 2023:

(€'000)	at June 30, 2024	at December 31, 2023
Social contributions	722	864
Other	3,513	4,031
Advances from customers	298	780
Grants advances	408	374
Other tax liabilities	814	495
Accrued expanses	559	1,157
TOTAL OTHER CURRENT LIABILITIES	**6,314**	**7,701**

Other payables

(€'000)	at June 30, 2024	at December 31, 2023
Employees	1,226	1,942
Vacation pay	1,064	1,063
Directors	587	497
Statutory auditors	76	56
Other	560	473
TOTAL OTHER PAYABLES	**3,513**	**4,031**

The "other payables" item contains the amounts due to employees for compensation, holidays and leaves of absence accrued and not yet used at the reporting dates, as well as amounts due to directors and other miscellaneous payables.

18 — Payables for business combinations

Payables for business combinations amounted to a total of €341 thousand (€740 thousand as at 31 December 2023) and are payables relating to the price to be paid to the former shareholders of the subsidiary InoNet Computer GmbH upon the occurrence of the conditions agreed in the purchase agreement in the form of shares of the parent company Eurotech S.p.A to be assigned within the next 12 months. The change compared to the previous year derives from the decrease in the price of the shares of the parent company.

F – Breakdown of the main income statement items

With reference to the item Revenues, please refer to note D. Comments on the other main income statement items are provided below.

19 – Costs of raw and auxiliary materials and consumables

(€'000)	**H1 2024**	**H1 2023**
Purchases of raw materials, semi-finished and finished products	16,361	27,908
Changes in inventories of raw materials	(1,227)	(1,966)
Change in inventories of semi-finished and finished products	(413)	(345)
TOTAL COST OF MATERIALS	**14,721**	**25,597**

Costs of raw and auxiliary materials and consumables show a decrease of 42.5% over the period under review, from €25.60 million in the first half of 2023 to €14.72 million in the first half of 2024. The decrease is related to the lower turnover achieved in the first half of 2024 compared to the previous period and is influenced by the different product mix. Consumption costs, decreased less than proportionally to the decline in revenues.

20 – Other operating costs net of cost adjustments

(€'000)	**H1 2024**	**H1 2023**
Service costs	6,924	7,407
- of which non recurrent costs	*116*	-
Rent and leases	474	386
Payroll	12,053	13,052
- of which non recurrent costs	*182*	-
Accruals and other costs	663	531
- of which non recurrent costs	*111*	-
Cost adjustments for in-house generation of non-current assets	(1,805)	(1,640)
Operating costs net of cost adjustments	**18,309**	**19,736**

The “operating costs” item shown in the table above, net of cost adjustments for internal increases, grew from €19.74 million in the first half of 2023 to €18.31 million in the first half of 2024. The cost for the use of third-party assets mainly refers to short-term leases (with a duration of less than twelve months) and/or of modest value.

The Other provisions and other costs item includes an allocation to the doubtful debt provision for €57 thousand and other provisions for various types of risks totalling €198 thousand.

21 – Service costs

(€'000)	H1 2024	H1 2023
Industrial services	2,398	2,693
Commercial services	1,093	1,385
General and administrative costs	3,433	3,329
Total costs of services	**6,924**	**7,407**

In the period under review, service costs recorded a decrease of 6.4%, from €7.41 million to €6.92 million; the ratio to revenues decreased from 15.5% in the first half of 2023 to 23.7% in the first half of 2024.

22 – Payroll costs

(€'000)	H1 2024	H1 2023
Wages, salaries and Social Security contributions	11,379	12,505
Costs of defined benefit plans	264	268
Other costs	410	279
Total personnel expenses	**12,053**	**13,052**

In the first half of the year, payroll costs decreased from €13.05 million (€12.72 million at constant exchange rates) to €12.05 million, a decrease of 7.7% at historical exchange rates. Net of non-recurring costs of €182 thousand, the reduction compared to the first half year of 2023 would amount to 9.1%. Wages include €276 thousand as the accrued portion of costs relating to the Performance Share Plans as reported in Note 32 (at 30 June 2023, the amount recognised at cost was €276 thousand).

As the table below illustrates, the number of Group employees decreased at the end of the last period, down from 393 units at 2023 year-end to 378 units at the end of the first half of 2024.
On the basis of the average value, the reduction compared to 31 December 2023 is in line with what is described above, equal to 6 units, while compared to 30 June 2023 there was a decrease of 17 units due to the reorganisation carried out mainly in the United States.

EMPLOYEES	Average 2024	at June 30, 2024	Average 2023	at December 31, 2023	at June 30, 2023
Management	5.0	5	4.3	5	4
Manager	6.0	6	6.8	6	7
Clerical workers	266.5	260	274.0	276	276
Line workers	108.5	107	106.8	106	108
TOTAL	**386.0**	**378**	**392.0**	**393**	**395**

23 – Cost adjustments for internally generated non-current assets

Adjustments to costs for internal increases as of 30 June 2024 amounted to €1.81 million (€1.64 million as of 30 June 2023) and related entirely to the capitalization of internal personnel costs of €629 thousand (€659 thousand as of 30 June 2023), material consumption costs of € 67 thousand (€80 thousand as of 30 June 2023) and service costs of € 1.109 thousand (€901 thousand as of 30 June 2023), incurred for some new product development projects in the field of "Modules and Platform" modules and systems, Edge computers, Edge AI and in the field of SW platforms for the Internet of Things.

24 – Other income

(€'000)	**H1 2024**	**H1 2023**
Government grants	1	8
Sundry revenues	278	128
Total other revenues	**279**	**136**

The main effect of the breakdown of the item Other revenues derives mainly from the use of provisions for risks, as well as in 2023.

25 – Depreciation, amortisation and write-downs

(€'000)	**H1 2024**	**H1 2023**
Amortisation of intangile assets	1,339	1,718
Amortisation of property, plant and equipment	924	967
Write-down of fixed assets	85	-
Total amortisation and depreciation	**2,348**	**2,685**

Depreciation, amortisation and impairment increased from €2.68 million in the first half of 2023 to €2.35 million in the first half of 2024. This change is due mainly to the higher amortisation of development costs that began their amortisation process. In the first half of 2024, it became necessary to partially write-down some development projects.

26 – Financial income and charges

The Group's financial management is summarised as follows:

€'000	H1 2024	H1 2023
Exchange-rate losses	783	936
Interest expenses	517	421
Interest expenses on lease liabilities	49	53
Other finance expenses	54	-
Financial charges	**1,403**	**1,410**
Exchange-rate gains	1,213	1,159
Interest income	2	2
Gain on derivatives	50	48
Other finance income	403	-
Financial incomes	**1,668**	**1,209**

Net financial management improved in the first six months of 2024 compared to the first six months of 2023 by 38.0% from a negative €201 thousand to a positive €265 thousand.
Exchange rate fluctuations positively affected financial operations by €430 thousand (resulting in a positive effect of €223 thousand in the first six months of 2023). Interest expenses had an impact of €564 thousand in 2024, a deterioration due to the increase in interest rates compared to the impact of €472 thousand in 2023. Other financial income and charges amounted to a total of €399 thousand (€48 thousand in the first six months of 2023). The main amount of the other financial income derives for €399 thousand from the the adjustment of business combinations debt contracted for the acquisition of InoNet Computer GmbH.

27 – Income tax for the period

Income taxes at 30 June 2024 reported a net income of €62 thousand (deriving from the net effect of current tax expenses for €145 thousand and deferred tax income of €207 thousand) against net cost of €751 thousand at 30 June 2023 (deriving from the net effect of current tax expenses for €849 thousand and deferred tax income of €98 thousand), with a €813 thousand increase.

(€'000)	H1 2024	H1 2023
IRES (Italian corporate income tax)	-	-
IRAP (Italian Regional business tax)	-	-
Foreign current income taxes	145	849
Total current income tax	**145**	**849**
Net (prepaid) deferred taxes: Italy	-	-
Net (prepaid) deferred taxes: Non-italian	(207)	(98)
Net (prepaid) deferred taxes	**(207)**	**(98)**
TOTAL INCOME TAXES	**(62)**	**751**

Deferred tax assets as at 30 June 2024 amounted to €4.65 million (31 December 2023: €4.65 million) and were accounted for in previous years on a portion of tax losses that can be carried forward in future years, as well as inventory write-down provision, the doubtful debt provision and other deductible costs of previous years. In particular, with reference to deferred tax assets on tax losses, these were recognised in previous years to the extent that it is probable that there will be adequate future tax profits against which the losses can be used. The directors' assessment confirmed in the half-year relates to the possibility of having taxable profits in the coming years to cover the deferred tax assets recorded.
The amount of deferred tax liabilities at 30 June 2024 was €3.14 million (€3.40 million at 31 December 2023) and refers principally to the tax effects on the "Purchase Price Allocation" for trademarks with indefinite and definite useful lives and on the recognition of profits on exchange rates not realised. The decrease is mainly because of the booking of deferred taxes in the period, in addition to the forex effect on values expressed in USD and JPY and relating to the PPA values.

28 – Statement of comprehensive income

The Statement of comprehensive income includes:

- the fair value valuation of derivative financial instruments, gross of the unrecognised tax effect, negative for €31 thousand (positive for €30 thousand in the first half of 2023);
- the change in the negative translation reserve amounting to €4,215 thousand (€5,731 thousand in the first half of 2023) mainly due to the change in the Euro/US Dollar and Euro/Japanese Yen exchange rate compared to the end of the previous year;
- the change in the positive exchange rate difference reserve of €522 thousand (negative for €539 thousand in the first half of 2023) on the recognition of exchange rate differences (Euro/US Dollar) compared to the end of the previous year on intercompany loans in foreign currencies that are part of a net investment in a foreign operation.

G – Other information

29 – Related-party transactions

The condensed consolidated half-year financial statements include the half-year financial statements of Eurotech S.p.A. and the half-year financial statements of subsidiaries previously shown in the Explanatory note C.

The following table shows relationships with related parties, not eliminated on consolidation.

RELATED PARTIES	Revenues to related parties	Purchases from related parties	Receivables from related parties	Payables from related parties
Other related parties				
Bluenergy Assistance srl	3	-	1	-
Interlogica srl	-	113	-	113
Insulab S.r.l.	-	412	-	348
Total	**3**	**525**	**1**	**461**
Total with related parties	**3**	**525**	**1**	**461**
% impact on line item	**0.0%**	**2.4%**	**0.0%**	**3.8%**

Transactions with the company Interlogica S.r.l., of which Eurotech S.p.a. holds 10% of the share capital, and those with Insulab, of which Eurotech S.p.A. holds 40% of the share capital, relate to technical services mainly related to software activities and are carried out in market values.

30 – Financial risk management: objectives and criteria

The Group's financial instruments, other than derivative contracts, include bank loans in the various technical forms, leases, as well as short-term and on-demand bank deposits. These instruments are intended to finance Group operations. The Group has several other receivable and payable financial instruments at its disposal, such as trade receivables and payables arising from operations and liquidity. The Group had also transactions in derivatives, mainly swap or collar transactions on interest rates. The objective is to manage interest rate risks caused by Group transactions and by its sources of finance.

In accordance with Group policies, no speculative derivatives have been entered into.

The main risks generated by Group financial instruments are interest rate risks, exchange risks, liquidity risks and credit risks. The Board of Directors has reviewed and agreed to the policies for managing these risks, as summarised below.

Interest rate risk
The Group's exposure to the risk of interest rate fluctuations involves mainly medium-term obligations taken on by the Group, featuring variable interest rates linked to various indices. The Group signed interest rate swap contracts that provided for recognition of a variable rate against payment of a fixed rate. The contract type is designated to hedge changes in the interest rates in place on certain loans, which are the subject of the financial optimization. Group policy is to maintain between 30% and 60% of its loans at a fixed rate. At 30 June 2024, approximately 21.6% of the Group's loans were fixed-rate loans (in the first half of 2023 the percentage was

approximately 27.9%). The loans in place at the Japanese company were signed at fixed rates since it is more advantageous than those at variable rates.

Exchange rate risk
In view of the significant investment transactions in the US, Japan and the UK, with substantial foreign currency cash flows from operations and financial management, the Group's financial statements could be significantly affected by changes in the USD/EUR, JP¥/EUR and GBP/EUR exchange rates. During the reporting period, no foreign exchange hedges were executed because of the fluctuating USD, GBP and JP¥ flows, particularly taking into account that the individual subsidiaries tend to operate in their respective functional currencies in their respective core markets.
About 47.6% of the sales of goods and services (30 June 2023: 63.7%) and 38.1% (30 June 2023: 51.6%) of the Group's purchase costs of goods and operating costs are denominated in a currency other than the functional currency used by the Parent Company to prepare these condensed consolidated half-year financial statements.

Product and component price risk
Although normally, the Group is not significantly exposed to price risks, over the past 24 months, due to the lack of availability of some electronic components, there have been significant increases in the price of these components that affect the total cost of the finished product. Regular activities are carried out to minimise this price increase and to discuss with the customer a possible mark-up or top-up of the sales price.

Credit risk
The Group trades only with known and reliable customers. The Group's policy is to check the creditworthiness grade of customers that request extended payment arrangements. In addition, the balance of receivables is monitored during the year so that the amount of non-performing positions is not significant. Only some receivables from key customers are insured.
Financial assets, recorded by trading date, are recognised in the financial statements net of write-downs calculated according to the risk of counterparty default, taking into account the information available on the customer's level of solvency and historical data.
There is no significant concentration of credit risk in the Group, even though there have been occasions over the last 3 years in which an individual customer generated more than 10% of total revenues. In the first half of 2023 a single customer generated a turnover of 28% of the consolidated revenues; in 2024 the same customer has no generated revenues. During 2024 there are no customers that have generated revenues exceeding 10% of total revenues.
Credit risk concerning other Group financial assets, which include cash and cash equivalents and financial instruments, presents a maximum risk equal to the book value of these assets in the event of insolvency of the counterparty.

Liquidity risk

The objective of the Group is to strike a balance between maintenance of funds and flexibility through the use of overdrafts, loans, leases, factoring assignments with recourse, as well as through equity financing in the market.
Group policy states that no more than 40% of loans must fall due within 12 months.
At 30 June 2024, 50.0% of the Group's financial liabilities will be due within one year (half-year 2023: 36.2%) based on the balances of the original repayment plans. Due to the financial optimization defined in September, the percentage would be 10.4%.
Considering the current net financial position and the structure of working capital, the risk that the Group will be unable to honour its financial liabilities is limited.

Measurement of fair value and relative hierarchical valuation levels

All financial instruments recognised at fair value are classified within the following three categories:
Level 1: market price
Level 2: valuation techniques (based on observable market data)

Level 3: valuation techniques (not based on observable market data)

The fair value of derivatives and of loans obtained has been calculated by discounting expected cash flows to present value applying prevailing interest rates. The fair value of other financial assets was calculated using market interest rates. As IFRS 13 requires, for each of the financial assets and liabilities the company analysed the effect of their measurement at fair value. The measurement process refers to Level 3 of the fair value hierarchy, except for trading in derivatives as described in greater detail hereunder, and revealed no considerable differences compared to the book values at 30 June 2024 and the respective comparison figures.

At 30 June 2024, the Group held the following financial instruments measured at fair value:

(€'000)	Notional value at June 30, 2024	Fair value at June 30, 2024 (debit)	Fair value at June 30, 2024 (credit)	Notional value at December 31, 2023	Fair value at December 31, 2023 (debit)	Fair value at December 31, 2023 (credit)
Cash flow hedge						
Contracts Interest Rate Swap (IRS)	1,965	71	0	2,548	102	0

All the assets and liabilities measured at fair value at 30 June 2024 are classified in Level 2 of the fair value hierarchy. In addition, during the first half of 2024 there were no transfers from Level 1 to Level 2 or Level 3, or vice versa.

31 – Derivatives

Fair value

From the comparison between the book value and the fair value by category of all of the Group's financial instruments recognised in the financial statements, there were no significant differences, other than those highlighted, that require disclosure.
The fair value of derivatives and of loans obtained has been calculated by discounting expected cash flows to present value applying prevailing interest rates. The fair value of other financial assets was calculated using market interest rates.

Interest rate risk

Interest on financial instruments classified as variable-rate instruments is recalculated periodically during the financial year. Interest on financial instruments classified as fixed-rate instruments is kept constant until the maturity date of the instruments concerned.

Hedging

Cash flow hedges

As at 30 June 2024, the Group holds two interest rate swap contracts (for total notional residual amounts of €1.96 million) designated as instruments to hedge interest rate risk.

	Due date	Fixed rate	Floating rate	Market value (€'000) *(€'000)*
Interest rate swap contracts				
Euro 839.893,27	31 July 2025	-0.20%	Euribor 3 months	23
Euro 1.125.000,00	30 September 2026	-0.14%	Euribor 3 months	48
TOTAL				**71**

Interest rate swap contract conditions were negotiated to coincide with the conditions of the underlying commitments (simple hedging transaction).
The accounting treatment of these financial instruments in the reporting period entailed a decrease in shareholders' equity of €31 thousand and reduced the cash flow hedge reserve recognised directly in shareholders' equity to a positive value of €71 thousand.

32 – Share-based payments

"EUROTECH S.p.A. Performance Share Plan 2021-2023" (hereinafter "PSP 2021")

On 11 June 2021, the Shareholders' Meeting of the Company approved adoption of a new incentive plan solely for individuals who have a directorship position and/or an employment contract and/or a freelance collaboration or consultancy agreement with Eurotech S.p.A. or one of its subsidiaries and who have key functions in the Group organisation chart; the plan is called "EUROTECH S.p.A. Performance Share Plan 2021-2023".
The PSP 2021 provides that the beneficiaries identified by the Company's Board of Directors be assigned the right (known as Unit) to receive Eurotech S.p.A. shares free of charge (up to a maximum of 500,000 ordinary shares) provided that the Performance Objectives have been achieved on the respective Assignment Date and that the Relationship with the Company or with one of the Subsidiaries has been constant. The Objectives defined annually by the Board of Directors must:

a) up to two objectives be linked to the economic-financial performance of the Group in the medium-long term;
b) an objective be linked to the trend of the market price of the Shares in the medium-long term (Total Shareholder Return).

The assigned Units are subject to a Vesting period of 3 (three) years during which the assigned Units may not vest, except in the case of termination in the event of Good Leaver (for example: dismissed by the company not for just cause, death, the Beneficiary's retirement and loss of the condition of Subsidiary by the employer company of the Beneficiary). Subsequently, a portion equal to 20% of the vested shares will be subject to a lock-up period of 2 (two) years.
With reference to the second cycle of the plan in which 454,612 units were allocated in 2022, the time period considered concerns the years 2022-2024 and the objectives identified (with target levels other than minimum and maximum) independent from each other are calculated in relation to the following values:

i the sum of the Group's consolidated EBITDA over the 3 years;
ii the consolidated turnover of the Group at the end of the 2024 financial year;
iii the performance of the Total Shareholder Return of the Eurotech Shares compared to the Total Shareholder Return of the shares of the companies belonging to the FTSE Italia STAR index.

The first two objectives are "non-market based" components (with a weight of 60% of the total rights assigned) while the third objective is a "market base" component (with a weight of 40% of the total rights assigned) linked the measurement of Eurotech performance in terms of TST with reference to the FTSE Italia STAR index.

With reference to the third cycle of the plan in which 500,000 units were allocated in 2023, the time period considered concerns the years 2023-2025 and the objectives identified (with target levels other than minimum and maximum) independent from each other are:

- i the sum of the Group's consolidated EBITDA over the 3 years;
- ii the consolidated turnover of the Group at the end of the 2025 financial year;
- iii the performance of the Total Shareholder Return of the Eurotech Shares compared to the Total Shareholder Return of the shares of the companies belonging to the FTSE Italia STAR index.

The first two objectives are "non-market based" components (with a weight of 60% of the total rights assigned) while the third objective is a "market base" component (with a weight of 40% of the total rights assigned) linked the measurement of Eurotech performance in terms of TST with reference to the FTSE Italia STAR index.

No units were assigned during 2024, whereas during all of 2023, 500,000 units relating to the third cycle were assigned and 427,928 units relating to the first cycle were cancelled due to the non-achievement of the pre-established objectives.

	Year 2024			Year 2023		
	No. Units granted	Value of the assign units (€'000)	Value of the units for the period (€'000)	No. Units granted	Value of the assign units (€'000)	Value of the units for the period (€'000)
Performance Share Plan 2021						
Nr. Unit at the begining of the period	954,612	2,577	(73)	882,540	3,449	197
Nr. Unit Granted during period	-	-	-	500,000	1,136	-
Nr. Unit Cancelled during period	-	-	-	(427,928)	(2,008)	(182)
Nr. Unit assigned during period	-	-	-	-	-	-
Nr. Unit Outstanding at the end of the period	954,612	2,577	(73)	954,612	2,577	15

At the closing date of the consolidated half-year financial statements, the company recognised a cost in the income statement of €207 thousand and an economic benefit of €280 thousand (due to the reversal of the amount recognised in previous years with reference to the second cycle, as it is very probable that the objectives set in 2022 will not be achieved), the balancing entry of which has been recognised in shareholders' equity. From the beginning of the plan it has been recognised in the income statement and amounts to a total of €320 thousand.

"EUROTECH S.p.A. 2022 Incentive Plan" (hereinafter referred to as "IP 2022")

On 28 April 2022, the Shareholders' Meeting of the Company approved adoption of a new incentive plan solely for individuals who have a directorship and/or a permanent employment relationship with Eurotech S.p.A. or one of its Subsidiaries; the plan is called "EUROTECH S.p.A. 2022 Incentive Plan".
The IP 2022 provides that the beneficiaries identified by the Company's Board of Directors be assigned the right (known as Unit) to receive Eurotech S.p.A. shares free of charge provided that on the Assignment Date they maintain a relationship with the Company or one of its subsidiaries. The Units assigned are subject to a retention period lasting 3 (three) years starting from the respective Assignment date; during the Retention Period, the assigned Units cannot accrue unless the contract is terminated as a good leaver (for example: dismissed by the company not for just cause, death, the Beneficiary's retirement and loss of the condition of Subsidiary by the employer company of the Beneficiary). Subsequently, a portion equal to 20% of the vested shares will be subject to a lock-up period of 1 (one) year.

During 2024, 58,000 units were allocated. At the half-year reporting date the company had recorded a cost of €109 thousand in the income statement, whose contra entry was recognised in shareholders' equity. From the beginning of the plan it has been recognised in the income statement and amounts to a total of €392 thousand.

	Year 2024			Year 2023		
	No. Units granted	Value of the assign units (€'000)	Value of the units for the period (€'000)	No. Units granted	Value of the assign units (€'000)	Value of the units for the period (€'000)
Perfornance Share Plan 2022						
Nr. Unit at the begining of the period	218,000	684	90	57,000	173	57
Nr. Unit Granted during period	58,000	131	19	176,000	559	196
Nr. Unit Cancelled during period	-	-	-	-	-	-
Nr. Unit assigned during period	-	-	-	(15,000)	(48)	-
Nr. Unit Outstanding at the end of the period	276,000	815	109	218,000	684	253

33 – Non-recurring costs and revenues

In the first half of 2024, several Group companies incurred costs that they considered to be non-recurring, compared to ordinary operations. In particular, these costs refer to personnel costs and provisions for risks related to the costs incurred and to be incurred with reference to the reorganisation of the local workforce and costs for services also incurred in support of the activities carried out for this reorganisation or in any case not related to current ordinary operations.

(€'000)	H1 2024
Service costs	116
Payroll	182
Accruals and other costs	111
Write-down of fixed assets	-
Non-recurrent costs	**409**

34 – Events after the reporting period

It has recently been announced that Eurotech's Board of Directors has approved to propose to the Shareholders' meeting to grant the same Board a proxy, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital up to a maximum of EUR 20 million (including any share premium), to be carried out also in divisible form, in one or more tranches, over the period of the next two years, under option to shareholders or also with the exclusion of option rights pursuant to Article 2441, paragraphs 4 and/or 5, of the Italian Civil Code.
The goal is to support the growth and development process of the Eurotech Group and thus to raise financial resources necessary for the realization of the strategic objectives of the Company's business plan, including possible acquisition transactions with priority to the United States. The shareholders' meeting will be held on October 15 next. In this context, and as a demonstration of the renewed confidence in the Company's strategic plan, in August the relative majority shareholder, Emera S.r.l., made payments to Eurotech on account of future capital increase for a total amount of Euro 2.5 million, in order to immediately give the Company flexibility of action for all short- and medium-term financial needs related to the implementation of the strategy. Emera's initiative also made it possible to finalize agreements within Eurotech S.p.A. to reschedule the payment maturities of outstanding medium- to long-term loans. In summary, the agreements with the banks provide for the rescheduling of the principal portions of the installments due from June 2024 until December 31, 2025 (inclusive), resulting in a 24-month extension of the original maturity of the related loans. This will enable Eurotech Spa to optimize its bank debt repayment profile to an extent consistent with its expected development

plans, improving the company's liquidity availability in the medium term. In practice, the agreements reached have enabled Eurotech to achieve a reduction in loan repayments of €3.6 million in 2024 and €4.1 million in 2025

No other significant events took place after the reporting date and up to 13 September 2024.

35 – Seasonality of business activities

There are no significant seasonal trends in the sector in which the Group operates, even though historically the Group has a higher concentration of revenues in the second half of the year. These higher sales are mainly due to the scheduling of purchases by customers.

Amaro, 13 September 2024

On behalf of the Board of Directors
The Chief Executive Officer
Mr. Paul Chawla

Certification of the Condensed Consolidated Half-Year Financial Statements

Pursuant to Art. 154-bis, Paragraph 5 – Part IV, Title III, Chapter II, Section V-bis of Italian Legislative Decree no. 58 of 24 February 1998: "Consolidated Law on Finance, pursuant to Arts. 8 and 21 of Italian Law no. 52 of 6 February 1996".

1) We the undersigned, Paul Chawla, Chief Executive Officer, and Sandro Barazza, Financial Reporting Manager, for Eurotech S.p.A., pursuant to Art. 154-bis, paragraphs 3 and 4 of Italian Legislative Decree no. 58 of 24 February 1998 and subsequent amendments, hereby attest to:
   - the adequacy in relation to the characteristics of the company and
   - the effective application

   of the administrative and accounting procedures for the preparation of the condensed consolidated half-year financial statements for the period from 1 January 2024 to 30 June 2024.

2) Valuation of the adequacy of the administrative and accounting procedures for the formation of the consolidated half-year financial statements at 30 June 2024 is based on a model Eurotech defined in line with the CoSO framework (document in the *CoSO Report*) and also takes into account the document "*Internal Control over Financial Reporting – Guidance for Smaller Public Companies*", both prepared by the Committee of Sponsoring Organisations of the Treadway Commission that represent a generally accepted reference framework at international level. In this regard, no significant aspects emerged.

3) Moreover, we hereby attest that the condensed consolidated half-year financial statements:
   a) correspond to the results in the corporate books and accounting records;
   b) were prepared in compliance with the International Accounting Standards (IFRSs) recognised in the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and the Council, dated 19 July 2002;
   c) provide a fair and true representation of the assets, liabilities, financial position and profit or loss of companies included in the consolidation.

4) The Interim Management Report contains references to the significant events that occurred in the first six months of the year and their impact on the condensed consolidated half-year financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year, as well as information on relevant transactions with related parties.

Amaro (Udine), 13 September 2024

Eurotech S.p.A.

signed Paul Chawla
Chief Executive Officer

signed Sandro Barazza
Financial Reporting Manager

Building a better working world

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Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
Eurotech S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statements of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flows statement and the related explanatory notes of Eurotech S.p.A. and its subsidiaries (the "Eurotech Group") as of June 30, 2024. The Directors of Eurotech S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Eurotech Group as of June 30, 2024 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Treviso, September 13, 2024

EY S.p.A.
Signed by: Maurizio Rubinato, Statutory Auditor

This report has been translated into the English language solely for the convenience of international readers eurotech.com